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Hungarian Efforts To Increase Trade With Morocco

92AF0372Z Rabat ALMAGHRIB in French
30 Jan 92 p 3

[Text] Dr. Bela Kadar, Hungarian minister of international economic relations, met with Abderrahmane El Kouhen, Moroccan ambassador to Budapest, on Monday.

The meeting, also attended by the deputy secretary of state and the foreign trade director, covered Moroccan-Hungarian trade and the means of expanding and developing them. Given the complementary nature of relations between the two countries, Morocco could export canned fish and vegetables, clothing, shoes, and leather goods, while Hungary would participate in infrastructure projects, agricultural development, sanitation, and hydraulics.

Emphasis was placed on the need to encourage private businessmen to get to know one another better and provide information on what they have to offer.

Polish Trade With Belarus, Czechoslovakia Viewed

92EP0185A Warsaw RYNKI ZAGRANICZNE in Polish
No 6, 14 Jan 92 p 8

[Article by G.K.: "Trade Triangle: Minsk-Prague-Warsaw"]

[Text] The period of disintegration of mutual trade contacts has come to an end. It has now become clear that specific commercial cooperation among our countries is necessary. Of course, it should be implemented through using methods other than those used in the past, and it should become market based, said Nikolay Petrushkevich, the trade representative of Belarus in Poland, at the founding meeting of a Belarussian-Czech-Polish company.

The Business Club operating at the Russian Cultural and Information Center in Warsaw has already become a traditional place for meetings between Polish businessmen and their counterparts from across the Eastern border. On that occasion, the East European Commercial Association Veto Ltd. was formed there. The following are partners in this enterprise, whose statutory capital will come to somewhere between \$120,000 and \$150,000: for Belarus, Polifakt—the second largest non-state publishing house and the

Belarus Commercial Bank, the only bank in the country which has the right to transfer convertible currency for foreign companies; for Czechoslovakia, the private construction company EKOTREND; also, there is the Polish construction company Farwest.

As the representative of Belarus warned, the partners are not counting on payments from profits in the initial period of the company's operation. They intend to invest funds in the development of the enterprise. Among other things, they plan to build commercial centers in each of the cities of the "triangle"—Warsaw, Minsk, and Prague. It appears that partners from all sides are companies which already have a certain standing in their respective countries, and that the newly formed company has considerable potential in the Eastern market.

Polish-Lithuanian Chamber of Commerce Founded

92EP0185C Warsaw RYNKI ZAGRANICZNE
in Polish No 8, 18 Jan 92 p 8

[Article by (Wyg.): "The Polish-Lithuanian Chamber of Commerce"]

[Text] The ever broadening framework for economic cooperation with Lithuania is emerging in Suwalki Voivodship. We have already reported on several noteworthy initiatives, for example, the Pusk Economic Conferences, Suwalki-Lithuanian companies, and so on.

Recently, a constituent group of the Polish-Lithuanian Chamber of Commerce was formed. It will be headquartered in Suwalki. The task of the chamber will be to pair up Polish companies with Lithuanian, as well as Latvian and Estonian, partners, to provide consulting services, and to broker the signing of industrial, trade, and tourist contracts. In late January of this year, a similar group from Lithuania will arrive in Suwalki in order to meet with Polish partners. Representatives of the Ministry of Foreign Affairs and the Lithuanian consulate promised to take part in the meeting.

The commissioning, perhaps shortly, of a railway line connecting Suwalki Voivodship to Lithuania will greatly facilitate the planned trade in merchandise. Two railway stations on the border, in Trakiszkis (Pusk Gmina) on the Polish side and Sevasakaite, merely four kilometers away on the Lithuanian side, are vigorously preparing to handle the first train. There is no need to lay tracks because they have been in place here for decades.

Bulgarian President on Balkan Situation

92ES0485A Athens TO VIMA TIS KIRIAKIS in Greek
2 Feb 92 p A17

[Interview with Bulgarian President Zhelyu Zhelev by N. Marakis in Sofia; date not given: "Zhelyu Zhelev Declares, 'The Frontiers Are Inviolable'"]

[Text] Sofia, Feb—The chill in relations between Athens and Sofia is evidenced in what Bulgarian President Zhelyu Zhelev said in answer to questions put to him by TO VIMA. The mild terms he used do not conceal dissatisfaction shown by Sofia over Greek policy in the Balkans.

Mr. Zhelev considers the recognition of Skopje's independence by his country as a "consequence of a consistent position of principles" and he expresses the conviction that other countries of Europe will recognize Macedonia and the other republics of the former Yugoslavia. Indeed, he insists that "this fact constitutes a stabilizing act for the situation in the region."

These positions evidently constitute a change in the decades-long view held by Bulgaria that there is neither a "Macedonian nation" nor "a united Macedonian people."

The Bulgarian president does not consider relations between his country and Greece prior to and after the overthrow of the Zhivkov regime comparable. His basic position is that no "basic contrariety" exists between Athens and Sofia at the present time. At the same time, he most emphatically rejected "any historical and nationalistic claims for revising existing borders," claims which he considered the "product of a crude and dangerously stupid policy." He also asserted that Bulgaria is interested in peace and stability in the region and is resolutely opposed to attempts to resolve existing conflicts through the force of arms.

The three last elements comprise a platform that permits the continuation of a dialogue between Athens and Sofia.

The following is a full text of the interview:

[Marakis] How do you evaluate the current state of relations between Greece and Bulgaria? To what do you attribute the scene of public recriminations that became evident last month? Do you feel that there is some latitude for improvement in relations? If yes, in what way?

[Zhelev] I feel that bilateral relations between Bulgaria and Greece are at a level that cannot be compared with the preceding period when there was a totalitarian regime in Bulgaria and when Bulgaria was a member of the Warsaw Pact. Presently, the Republic of Bulgaria shares all the basic principles and values of European democracy, and it is altogether natural that two democratic countries such as Bulgaria and Greece should develop their relations on the

same political basis. Democracy constitutes the foundation for genuine cooperation and friendship between Bulgaria and Greece. Perhaps the fact is not fortuitous that the first agreement that the new Bulgaria signed with a neighboring country was with Greece itself. For that reason I feel that no basic contrariety exists in the relations between our two countries.

[Marakis] Your country has been criticized by circles in Skopje (even publicly with published articles in NOVA MAKEDONIA) for wanting to change the borders to its own benefit or even absorbing the Yugoslav Republic of Macedonia. There is also talk in your country about a return to the provisions of the Agreement of St. Stefan. Do you believe that Bulgaria is presently wronged by the border outlines in the Balkans? Do you feel that some modification of the borders is needed?

[Zhelev] Bulgaria has repeatedly stated that it does not want to profit from difficulties experienced by Yugoslavia as a result of the crisis evolving there. Moreover, not only have we expressed this, but we really have shown it. In its foreign policy Bulgaria strictly adheres to the rules of international law, the provisions of the Charter of Paris, and the principle of the free and democratic self-determination of peoples.

As for its neighbors Bulgaria categorically defends the inviolability of borders and nonintervention in internal affairs. For that reason I consider that such allegations are groundless and harmful to the atmosphere of stability in the Balkans. The present borders are a reality and all of us must conform to them. Any historical and nationalistic claims for a revision of existing borders are the product of a crude and dangerously stupid policy.

[Marakis] How do you explain the general uneasiness your country expresses over relations between Athens and Belgrade? Do you feel that the creation of a "Small Yugoslavia" goes contrary to the interests of Bulgaria?

[Zhelev] The fate of the republics west of our borders is the work and choice of their people. As to how the people will determine relationships among them is their own problem. We only desire that this be accomplished in a peaceful manner without the use of military force but through the means of political dialogue and in the spirit of the principles of a united Europe. Bulgaria will agree to any decision that does not contradict all of that. If there can be talk about "our own interest" then that is our own interest.

[Marakis] Do you feel that developments in the Balkans constitute a threat to the security of Bulgaria? If yes, in what way? How do you propose confronting it?

[Zhelev] As a country that is in the center of the Balkans it is natural that what is happening in our region cannot but affect our security also. We are interested that peace and stability prevail in the region. For that reason we are resolutely opposed to attempts to resolve conflicts through the force of arms. Even in the war in Croatia,

noncombatant Bulgarian civilians were killed. God forbid...if such a conflict should flare up on our own borders, that would undoubtedly destabilize the situation, would cause problems with refugees, and would create unforeseen consequences. For that reason the best thing is to avert the existing danger through a peaceful policy of principles that Bulgaria is now following. We believe in the correct logic of our Balkan neighbors.

[Marakis] How does the support given by the Turkish minority to your election as president of the Republic, as well as the support given by the Freedoms and Rights Movement to the SDS [Union of Democratic Forces] government, of which you are the historic leader, influence your position and policy?

[Zhelev] The support of the Bulgarian Turks in the election makes me an even greater faithful supporter of the position that our country's problems can be resolved only through the path of democracy and equality of all the citizens in the face of the law. This also concerns the support given to the SDS government by the Freedoms and Rights Movement.

[Marakis] On your initiative, Bulgaria was the first country that recognized the self-proclaimed Republic of Macedonia. What were the reasons for such a hasty action on your part? Do you believe that it will contribute to stabilization of the region?

[Zhelev] In my opinion, this act of mine was not a hasty one but is the logical consequence of a consistent position of principles that Bulgaria has manifested since last summer on the occasion of the events taking place in Yugoslavia. The people of the Republic of Macedonia, freely and democratically through a referendum, expressed their desire for independence, a principle on which, as I said, our foreign policy is based. Besides that, the European Community Arbitration Committee confirmed in its report that the Republic of Macedonia satisfies the conditions of the community for being recognized as an independent nation. The logic of developments in Europe convinces us that other nations of our continent will also, within the shortest period of time, recognize Macedonia and the other republics of the former Yugoslavia. This fact constitutes a stabilizing act for the situation in the region.

Independence of Judiciary Threatened*92CH0287C Budapest HETI VILAGGAZDASAG
in Hungarian 4 Jan 92 p 72*

[Commentary by Istvan Nehez-Posony, vice president of the Independent Lawyers Forum: "Let There Come the Lesser Evil"]

[Text] With the enactment of the Law Amending the Judicial Organization, the government has been granted authority to interfere in matters concerning the judiciary. In the opinion of many of us, that has made the judiciary's independence illusory. But all we can do now is to shrug and gulp. However, a law on the prosecution's organization has yet to be enacted, and many experts are now asking themselves what should be done about the public prosecutor's offices.

Obviously, the Code of Criminal Procedure determines the prosecution's organization. Its codification has already begun and is expected to introduce significant changes: plea bargaining, a three-tier court system, and the presentation of evidence by the parties, i.e., by the public prosecutor and the defense. The importance of the prosecution's organization will increase also because of the rising crime rate, which will have to be checked.

Different models of handling the prosecution's tasks have evolved in various countries. In the United States, for example, the district attorneys are elected and are not subordinate to anyone. In England, the Director of Public Prosecution oversees only the work of the police, and barristers are briefed to act for the prosecution and the defense, respectively. On the continent, however, a system of public prosecutor's offices organized as government agencies has become traditional.

This continental model was adopted also here in Hungary, and no change can be expected in it. The only question that remains is whether the public prosecutor should be accountable to the minister of justice (the government) or should he function independently, subordinate only to the National Assembly. The solution that evolved under the monarchy and remained in force until 1953—even though prominent legal experts opposed it—chose the option of subordinating the public prosecutors to the government. Since 1953 the prosecution's organization has been functioning independently, i.e., subordinate to the National Assembly. Now the question must again be decided: What to do with the public prosecutor's offices?

Since the prosecution, unlike the judiciary, cannot be regarded as a separate branch of government, I would be inclined to agree that the prosecution's organization ought to be placed under the Ministry of Justice. I have expressed that view in an article (MAGYAR JOG, No. 10, 1991). However, the events that have taken place since the article's publication have forced me to change my opinion: The government's efforts to concentrate power indicate that it is unwise to make public prosecutors directly subordinate to the government. The danger

I foresee is that the minister's right to issue instructions might influence the initiation of prosecution. The real trouble is not that the minister might order the initiation of prosecution in uncertain cases, because the (relatively) independent judiciary could still acquit the defendants. The danger of the minister's right to issue directives is more likely to lie in the possibility of instructing the public prosecutor not to initiate prosecution when the minister considers that desirable for political, personal or other reasons. Or perhaps even without instructions, a subordinate public prosecutor would be unlikely to institute prosecution against his minister's wishes. Consequently, that model would lead almost certainly to corruption and abuse of power.

In the light of the government's well-known aspirations, therefore, I would say that subordinating the prosecution's organization not to the government but to parliament, letting it operate under multiparty oversight, would be the lesser evil.

The argument raised most often against this view is that this way the government's justice policy would not be reflected in the prosecution's activity. The only possible answer to this is that government policy does not have to influence the prosecution's work; the government (or its individual agencies) should not be able to use pressure on the subordinate prosecutor's offices to achieve its day-to-day political objectives. Specifically the National Assembly (through its Judicial Committee, for instance) is the authority best qualified to exercise the necessary supervision.

Regional Prefects' First Year in Office Viewed**Nationwide Data***92CH0301A Budapest MAGYAR HIRLAP
in Hungarian 15 Jan 92 p 1*

[Report by T.N.: "MAGYAR HIRLAP's Questionnaire: What Kind of Year Did the Regional Prefects Have?"—first paragraph is MAGYAR HIRLAP introduction]

[Text] It was on 3 January a year ago when the regional prefects were appointed to oversee regions, each encompassing three counties. In our compilation the eight prefects tell about their work, accomplishments and failures. A statement is also made by the Interior Ministry's deputy state secretary who is satisfied with last year's accomplishments, while the chief city clerk of Budapest's mostly oppositional local government thinks that the offices became tools of state centralization.

Undefined Authority

In talking about last year's work of the 76 staff members of the Hajdu-Bihar and Szabolcs-Szatmar-Bereg County Regional Prefect Office, Dr. Sandor Bujdosó, head of the office, said that local governments in the two counties issued more than 15,000 resolutions and 2,200 local ordinances in 1991, every one of which was scrutinized by experts of the regional prefect office. They made legal

comments in about 900 cases but were forced in only three cases to initiate legal action. Sandor Bujdosó thinks it is a concern that, to date, legislators have failed to adequately regulate issues of authority. Last year, the regional prefect office received a total of 2,790 appeals to resolutions in the first instance from the two counties made by mayors or town clerks. Of the earlier resolutions, the regional prefect sustained 61 percent, annulled 4 percent, and ordered local governments to initiate a new process in 26 percent of the cases.

Interior Ministry View

92CH0301B Budapest MAGYAR HIRLAP
in Hungarian 15 Jan 92 p 9

[Interview with Pal Kara, deputy secretary in the Interior Ministry, by J.D.; place and date not given: "The Interior Ministry Is Satisfied With the Work of Regional Prefects"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Pal Kara, deputy secretary of local governments in the Interior Ministry, assessed the activity of regional prefects as beneficial and good.

The institution of the regional prefect has been criticized several times that its sole purpose is to limit the autonomy of local governments and to force government will on local governments. Moreover, many regional prefects have political ties with the government parties.

Deputy State Secretary Pal Kara reminded us that the local government law was passed by a 98-percent vote in parliament and that the institution of the regional prefect was created on the basis of political consensus.

"The regional prefect should not be perceived as one who just sits in his office, waiting—like a cat for a mouse—for the next violation of the law in order to pounce down on it," says Kara. "The proper thing for the commissary to do, when he notices a violation of the law, is to call the local government or the mayor to rectify a decision that is considered a violation of the law. This is not a political but a professional task. Regional prefects issued only 7,600 notices during the first 10 months of their operation while local governments issued almost 170,000 resolutions and ordinances." In other words, they determined violations only in 4.5 percent of the cases. The most frequent violations pertained to due process. One reason why the prefects cannot directly influence local governments is that, even when they notice a violation of the law, they can only call upon the party involved to make the necessary corrections—as it has been mentioned previously—and if the party that committed the violation is unwilling, then they can initiate legal action or turn to the Constitution Court. The Constitution Court and the 146 regular courts have received 17 such cases to date. Up to now, the Constitution Court supported the case of the regional prefect in every instance. Incidentally, figures indicate not only that the regional prefects did a good job but also that local governments as a whole are functioning according to the law. The relatively few violations indicate that

local government offices are generally staffed with experts, mainly town clerks with expertise. An important task of the regional prefects is to decide on the process of appeals in connection with most cases of state administration authority and to make a first-instance decision in some exceptional cases such as dispossession of property. They openly or covertly orient local government offices through their second-instance decisions. The legal authorization to coordinate the activities of other bodies of state administration operating within the region, i.e., to offer preliminary assessments in connection with directors of county organizations of state administration, provides the regional prefects with many opportunities. A government order, including detailed regulations, is expected in the near future to clarify the coordinating responsibilities of the regional prefects.

Pal Kara admitted that there have been prestige-related arguments between local governments and the regional prefects, although he considered them almost unavoidable in a situation in which every player is just learning his or her responsibilities. Kara thinks that not including financial and economic issues in the prefects' authority of control is a great shortcoming of the institution of the regional prefect. This would often be beneficial, for the State Accounting Office, which is the sole authority in overseeing the local governments' finances, lacks the necessary capacity for conducting investigations. According to Pal Kara, the regional prefect offices rapidly developed their organizations in all eight regions and began operating relatively rapidly despite their relatively meager budgets which totaled 752 million forints nationally in 1991 and which will increase in 1992 only to the extent of automation.

Legal Expert's Criticism

92CH0301C Budapest MAGYAR HIRLAP
in Hungarian 15 Jan 92 p 9

[Interview with Peter Szegvari, Budapest chief city clerk, by Janos L. Laszlo; place and date not given: "Regional Prefects Have Entire Little Governments in the Regions"—first paragraph is MAGYAR HIRLAP introduction]

[Text] Peter Szegvari, chief city clerk of Budapest's mostly oppositional local government, is not only a recognized legal expert but at the same time also a standing professional adversary of Budapest's regional prefect. He told our correspondent how he perceives this new institution of public administration developed during the past year.

"I do not approve of the concept of giving all power to the local governments on the basis of the principle, 'all power to the Soviets,'" says Szegvari. Real local government exists only if the state also creates additional purposeful organizations. Both must be strengthened together, the balance should not be tipped in either

direction. However, in the case of the regional prefects, the balance has been tipped.

"This institution, unlike its name suggests, is not designating a position of power in the hands of the president of the Republic as a neutral power. The purpose of this name was precisely to designate an office which—unlike that of the old lord lieutenant, i.e., a government emissary—is a neutral authority of control that may intervene only in case of a violation of the law.

"For, according to the statute, although the prefects were appointed by the president of the Republic, their appointment was recommended by the interior minister and the prime minister. They actually report to the interior minister and, thus, the government exercises control over them. The results of the bargaining between six parties were not what both the opposition and the government parties wanted. The government parties insisted on the [prewar] megye system, referring to the earlier varmegye [Hungary's traditional county system with a fortified castle as county seat, headed by the lord lieutenant], while the opposition preferred the institution of the regional prefect as opposed to that of the lord lieutenant. But, then—as a result of the elections—the counties' local governments became strong opponents of the government, while the opposition created its own organization of control without being able to influence its activity and sphere of competence.

"Unlike the bill on local governments, the statute dealing with regional prefects and their sphere of authority did not require a two-thirds' majority vote in parliament, and this is how it happened that the authority of regional prefects was greatly extended in comparison with the former. The bill on authority had a provision on what is considered a local issue and what is a state responsibility that must be carried out either by decentralized organizations at the county or Budapest level or by the regional prefect offices. Many issues to be dealt with locally, which could have been designated as compulsory local government responsibilities—by parliament providing the necessary financial means—were taken away from the local governments. And the process still continues. With regard to some significant issues, the bill on authority contains a few passages that—in the areas of public health, education, social services, and labor—invest the government with the authority to define further responsibilities and authority for the regional prefect offices. Thus, through all this, the government changed the regional prefects' role of legal control to an actual administrative government role.

"The reason why the decentralized organizations and the regional prefects must be examined together is that both are organizations of the same government, although one is directly supervised by the special portfolios while the other is under the Interior Ministry. On the other hand, the coordination of the decentralized organizations and the activity of the local governments is a responsibility of the regional prefects. In plain language, this means that the prefects have entire little governments in the regions

and, as a result of their coordinating function, exercise control over all decentralized organizations—although the state should be limited to implementing central norms and providing the funds. But the present situation is that, in many important areas, not only the authority to make statutes but also the means of administration were taken away from the local governments. No real local autonomy exists without being able to deal locally with local issues. The problems are put on the local governments' table, but if neither statute-making nor administrative authority is given to them, then local autonomy does not really exist, then the whole thing is only rhetoric."

And then there is the additional danger of developing a double administration in some areas, for local governments are no doubt forced to meet local challenges.

Tense Atmosphere in Camp for Illegal Immigrants *92CH0303B Budapest NEPSZABADSAG in Hungarian* 14 Jan 92 p 5

[Article by Gy. Attila Fekete: "Kerepestarcsa: Danger of a Breakout"]

[Text] Estimates place the number of so-called economic migrants staying illegally in Hungary at about 45,000 to 50,000. According to surveys conducted by the police, this total is increasing by between 70 and 80 a day. And although an overwhelming majority of the arriving aliens who cross the border illegally would like to reach some Western European country, they usually run into the arms of Hungarian border guards.

Last year 5,251 foreigners of various nationalities managed to cross into Austria from Hungary illegally, and the Austrian authorities summarily returned 5,043 of the border violators. The citizens of neighboring countries are "shipped home" immediately, but it is considerably more difficult to deport the arrivals from more distant countries, from Asia and Africa. From the appropriations for the Interior Ministry and the police in 1991, 154 million forints was spent respectively on sending illegal aliens home and for feeding and sheltering them during the interval between their detention and departure.

On Monday, the Interior Ministry and the ORFK [National Police Headquarters] offered reporters a tour of the camp in which the detained aliens who are unable to present proof of their identity are housed temporarily, until the competent authorities decide what to do with them. As Police Major General Dr. Andras Tuross, head of the Main Directorate of Public Order at the ORFK, informed the reporters, Kerepestarcsa used to be an institution for the training of police warrant officers, but has been converted into a camp for receiving economic migrants. Since its establishment on 8 October 1990, the camp has sheltered more than 7,000 illegal aliens during stays of varying length.

"Kerepestarcsa is neither a camp for refugees nor a penal institution," Major General Tuross emphasized, although the conditions encountered there are more reminiscent of prison rather than temporary accommodations of any kind. In principle, the inmates enjoy freedom of movement and may even go outside the institution's well-guarded walls. In practice, however, very few of them ever get an opportunity to do so and rarely enjoy that privilege.

"The ones to whom we gave day passes failed to return," explain the camp's police administrators. "Or rather, they were brought back from the Austrian border a few days later. It is better if they stay here."

News of the journalists' presence created excitement among the inmates. So much so that, by the end of the tour, the otherwise hospitable Interior Ministry officials were nervously urging their guest to board their buses quickly, because the inmates could break out at any moment. There was no breakout or riot on Monday. But as the camp's commander informed us, minor or major disturbances do occur about every other day on average. Sometimes the inmates threaten to go on a hunger strike; at other times they go on a rampage and destroy things. On several occasions only the police regiment's subunit on duty was able to restore order.

The uncertainty is the primary cause of tension. Processing of the cases is slow, and nobody is able to say when the illegal alien will leave the camp. According to the statutory regulations now in force, the police are allowed to detain for a maximum of six days a person who has been ordered deported, yet there are persons who have to wait as long as six months.

In the absence of an Alien Registration Law, it is difficult to find one's way in the maze of regulations applicable to illegal immigrants. The fact is that the authorities have several legally proper opportunities for deporting aliens. But a note of concern is also detectable in the briefings by senior police officials, because the chaotic legal situation could be turned against the police. Major General Tuross has already felt obliged to assert at length that the police do not want to generate xenophobia, and that the decision to deport an illegal alien or to grant him refugee status is not based on political considerations. Namely, the granting of refugee status falls within the competence of the Office [of the United Nations High Commissioner] for Refugees. So far only 78 of Kerepestarcsa's inmates have applied for refugee status, and 11 of them have been granted it.

TV President Charges Government Pressure

92CH0287D Budapest NEPSZABADSAG in Hungarian
3 Jan 92 p 1

[Report on 2 January press conference of Elemer Hankiss, president of Hungarian Television, by Gy.V.: "I Will Be Back if There Is a Change"]

[Text] Because it does not sympathize with the changes taking place in television broadcasting, the government has

penalized Hungarian Television by freezing its one-billion-forint subsidy from the state budget, said TV President Elemer Hankiss at his news conference yesterday.

At the same time he also announced that Andras Bano has accepted his assignment to head Egyenleg [Bottom Line], which will be the second TV news program in addition to Hirado [Newsreel] and will be broadcast afternoons and evenings, and that Elemer Csak would head the editorial office for TV news, which will be set up in the near future.

In conjunction with the two TV news programs, the president said that he would like to prevent by all means any conflict between the two teams; without the editor in chief's approval, therefore, no staff member of the Hirado program will be permitted to transfer to Bano's team. Because Hungarian TV is switching to payroll-budget regulation, each editorial office will be able to decide for itself how large a team to employ. Answering a question put from our reporter, the president said that salaries for TV staff are about average at present, but definitely need to be raised. He also said that the appointment of a separate news director was not being considered for the time being, because—in his opinion—politically the time is not sufficiently ripe for such an appointment.

According to Elemer Hankiss, parliament froze the one-billion-forint subsidy without giving any reason for doing so, and it failed to set any conditions for lifting the freeze. That is creating a difficult financial situation, which will be reflected in the declining quality of the programs. But he rejected the solution to curtail the total hours of air time this year. As he said, the elimination of the economic difficulties at Hungarian Television is in progress, on the basis of a plan that the State Auditor General's Office had approved earlier. Therefore he regarded as unwarranted the investigation that a ministerial commissioner had conducted in December; in his words, "it had been a hopeless case from the very beginning." In his opinion, politicians in every country are attempting to exert pressure on the media, but that has succeeded only partially in Hungarian Television's case. His own institution, he said, was in a more favorable situation than French Television, for instance; there the French president simply "tossed out" the TV president. "Things like that can no longer happen in our country," Hankiss noted.

In response to yet another question put to him by our reporter, Hankiss confirmed that he had conferred recently with the president of the republic and the prime minister, and that they had agreed to his taking a leave of absence for the next two months, in order to accept an invitation from an American university. He was convinced that no change in the government's media policy could be expected during that time. But he added rather self-confidently: "I will be back immediately should a change nevertheless occur."

Minister Without Portfolio Szabo Interviewed

92CH0340A Budapest FIGYELO in Hungarian
30 Jan 92 pp 1, 13

[Unattributed interview with Minister Without Portfolio Tamas Szabo in charge of privatization; place and date not given: "We Are Not Etatists"—first paragraph is FIGYELO introduction]

[Text] The vice chairman of the MDF [Hungarian Democratic Forum] was promoted last week from his position as political state secretary at the Ministry of Finance to become the minister without portfolio in charge of privatization, with supervisory authority over the AVU [State Property Agency] and the ATR [State Ownership Corporation, Inc.]. His latest interview with FIGYELO took place in May 1991 (No. 21 of 1991). At that time he expressed satisfaction over the way that privatization has been loosely controlled. Today he once again favors excessive protection of property, and thus the chances of privatization have improved. Since then, another shift has taken place in the reverse, i.e., privatization is once again threatened. Tamas Szabo sees this matter differently.

[FIGYELO] Last May, in your capacity as chairman of the Ownership and Privatization Committee, you granted an interview to this newspaper at a time when the Economic Cabinet had already discussed the government's planned privatization strategy (FIGYELO Nos. 13 and 14, 1991). One could also have expected at that time the government to discuss the matter, but this did not happen. Instead, you, in your capacity as the Finance Ministry's state secretary, were asked to form a new committee and to prepare a new proposal. The new proposal completed last summer differed from the proposal submitted in May insofar as it proposed the division of the AVU into two organizations, one dealing with privatization, the other with property management, and the subordination of these organizations to Finance Ministry (FIGYELO No. 21 of 1991). What has taken place in the background?

[Szabo] I would be embarrassed if I had to recall the events in the order they took place because I did not take notes. The fact is that even my own view has changed several times in this regard, and I find this as natural. In a manner similar to Mihaly Kupa, and as I also stated in the FIGYELO interview (No. 8, 1991) among others, I, too, felt that AVU's ownership and agency functions must be separated from each other by dividing that organization. By May, however, in the course of committee debate, I became convinced that it was possible to separate these functions within a single organization. This concept, however, got stuck in its formative process because the government decided to establish a new committee. It was this committee—also chaired by me—that ultimately developed in several phases the final privatization strategy adopted by the government in September. (FIGYELO No. 41, 1991).

[FIGYELO] Meanwhile, however, the Monopoly Group which, in a one-sided manner, assigns primacy to the

protection of property demands in its proposal that privatization be managed by the state and that it not be allowed to evolve in the marketplace. Proponents of this view believe that their demand accelerated the adoption of the government's privatization strategy.

[Szabo] I agree, the Monopoly proposal had this effect.

[FIGYELO] You are rather close to the Monopoly Group, according to BESZELO, and so far as I know you provided advice with respect to the proposals they submitted. Is this a fact?

[Szabo] I also had several discussions with SZDSZ [Alliance of Free Democrats] Representative Marton Tardos and with FIDESZ [Federation of Young Democrats] Representative Lajos Kosa. Quite naturally, whenever a group comes up with a striking view—as in the case of Monopoly—it is my duty to think through the related reasoning. The fact is that I have high regard for several members of the Monopoly Group, and that I have given advice to them in order to render their proposal palatable.

[FIGYELO] The government's privatization strategy adopted in September left virtually every essential issue open. This is also indicated in the government's 22-point work program. At the same time the work program provided generally very short deadlines for the performance of individual tasks, with late November expiration dates.

[Szabo] I feel that neither the professional nor the political public attributed sufficient weight to the adoption of the privatization strategy, the kind its significance would have deserved. To the contrary, the significance of this strategy has been greatly underestimated. Prior to the adoption of the strategy these 22 point were mere political slogans, and the adoption of the strategy catalyzed work to put these concepts into practice, undoubtedly with very tight deadlines. But the theoretical dispute had to be brought to an end because we could no longer say anything new to each other, and the need called for political decisions and for the development of details pertaining to professional issues. We have accomplished more since September than during the previous year.

The privatization strategy catalyzed, for example, the definition of criteria for assets remaining under state ownership in the long term and the development of methods by which such assets could be taken out from under AVU authority; similarly, the privatization strategy brought about the establishment and modernization of privatization loans and guarantee funds, and of mortgage institutions. The Employee Stock Ownership Program has already been submitted to parliament.

A majority of the 22 points has been developed to the point of virtual completion.

[FIGYELO] Information published about the ATR thus far and the mandatory transformation of enterprises by the end of this year—even if only as a matter of formality—suggests that the privatization strategy is rather state-centered in its outlook.

[Szabo] Why would it be state centered if we entrust the long term property of the state to an organization which is not even funded through the state budget but operates as a corporation? Why does competition between the AVU and ATR in the course of privatization constitute an etatist approach?

[FIGYELO] What competition do you have in mind?

[Szabo] Part of the assets to be transferred to the ATR may also be privatized because some of the enterprises to be placed under the ATR will remain long-term state property only to the extent of 51 percent, or probably 25 percent. Over and above these percentage shares the enterprises must be, or can be sold.

[FIGYELO] I would not call this competition because the AVU and the ATR must sell different kinds of property.

[Szabo] We may also call this decentralization. But not even that is characteristic of a state-centered economic policy. We are not state-centered!

[FIGYELO] In remarks made to FIGYELO (Nos. 2 and 4, 1992) AVU executives estimated that the assets of firms the state intends to maintain under its ownership amount to about half the total entrepreneurial assets of the state.

[Szabo] Aside from these interviews, such data also appeared in a few alarmist articles. To begin with, there is no final list, one will only be able to judge this matter after the government has made a decision. At the same time, the government is bound by the Program for National Renewal according to which the ratio of state property must be reduced below 50 percent of the prevailing level prior to the next elections, and that the ratio must be further reduced to about one-third of the previous level in the long term. In summarizing the preliminary lists put together by the various ministries one could say that enterprises which own about one-third of the state entrepreneurial property would remain fully or partly under long-term state ownership. And if we reduce this ratio by the parts of enterprises which we do not plan to retain under state ownership, the resultant ratio of state ownership is barely more than 20 percent.

The legislative proposal concerning the ATR provides an opportunity for the government to define the enterprises it intends to retain under long-term state ownership to an extent of 100 percent, alternatively under majority or minority control. The latter would probably mean a 25-percent ownership share in practice. The Program mentions national public service activities, natural

monopolies, national security considerations and the protection of national values as criteria for retaining property under long-term state control. In addition to these criteria, long-term state ownership is also justified with respect to enterprises whose privatization requires extensive preparation. This criterion could be interpreted according to anyone's liking. What comes to my mind is that it would be appropriate to sell certain enterprises after improvements resulting from gradual increases in capital, and to thus realize a higher selling price.

[FIGYELO] But if the state was unable to "upgrade" its enterprises for 40 years, what enables the state to do so today? Foreign capital could hardly be expected to compete in order to become associated with the Hungarian State.

[Szabo] We clearly have foreign investors in mind. And since the government will have the means to reclassify individual enterprises from the standpoint of long-term state ownership, i.e., to provide majority control to investors, it will be possible to establish such interest.

[FIGYELO] It is odd that the AVU is funded by the state, while the ATR will operate as a corporation. Should this be understood to mean that while the former must e.g. account for its privatization revenues, and all of its activities are audited by the State Accounting Office [ASZ], the latter will be exempt from under all this?

[Szabo] Not quite. Property policy guidelines are expected to speak to the utilization of both AVU and ATR privatization revenues, although not necessarily based on the same rules. The legislative proposal concerning the ATR provides that the supervising minister, i.e., myself, would perform the function of the general meeting, accordingly, the government's opportunity to direct the ATR is given.

[FIGYELO] In that case the ATR's corporate form is to a great extent a formality, because the general meeting, i.e., the government, through you, would make business policy decisions.

[Szabo] Let us not start out from the notion that the spunky government wants to centralize. Instead, let us start out from the fact that parliament must be given a continuous opportunity to legitimately influence the future of state property.

[FIGYELO] Where will you find enough professionals to work at the ATR? Several good professionals are leaving even the AVU.

[Szabo] Indeed, this will not be an easy task. But the government has just rendered a decision concerning the establishment of the ATR, and parliament has not even discussed the matter. In other words, we are not behind schedule.

[FIGYELO] In observing the events surrounding privatization I get the impression that as a result of establishing the ATR, and by broadly defining the state property supposed to remain under long-term state ownership, the MDF has as one of its purposes to acquire direct economic power. This purpose is served the expected mandatory transformation of autonomous enterprises by the end of the year, because this way there will be an opportunity to fill the entire hierarchy owned by the state with persons loyal to the MDF, and to extend the power of the new state party with the help of bargaining situations well-known from the days of the planned economy.

[Szabo] I could hardly believe that you are serious about your reasoning. We could have much simpler ways to achieve this if this was our goal. But we have no ambitions like this at all. I regard a large majority of today's enterprise managers as good professionals. The fact that some are not good professionals is yet another matter. Their replacement, however, must not be based on political considerations. In making these decisions the organizations under state ownership will have to utilize techniques which have been used for long in developed market economies: the services of professional consultants.

[FIGYELO] What are the initial tasks you must perform as a minister?

[Szabo] Above all, I must provide for full transparency, and must conduct series of consultations with those concerned. I would think that the government is going to entrust me with the parliamentary representation of laws related to privatization. After that, we may immediately begin to prepare decisions regarding long-term state ownership and to establish the corporation. Together with my fellow ministers I will do everything to finalize privatization strategies for the various branches of the economy. I have agreed to perform a great and important function that is constantly in the center of clashing interests. I will do everything my strength and talent permits me to do, of course.

Moves To Preserve State's Economic Power Charged

92CH0334A Budapest HETI VILAGGAZDASAG
in Hungarian 1 Feb 92 pp 7, 9

[Article by Gyorgyi Kocsis: "State and Property: Post-Communism"]

[Text] Increasingly frequent signs indicate that the government coalition—spellbound by power—intends to strengthen, not weaken, the state's economic superiority. It pays at least as much attention to the retention of state property as to privatization. The appointment of party cadres to key economic positions and the molding of a new power center in the form of a State Ownership Corporation, Inc. [ATR] are organic parts of this logic.

The government is also implementing its program at an appropriate pace in the economy. Anyone who has read

last September's noteworthy Konya study would have no doubt about this. One could sense that it performed the function of a government program. Section 3 of the implementing plan—a part of this document—states that "discredited previous leaders serving within the state apparatus, as heads of enterprises directed by the state, and as part of the leadership in prosecutor's offices and in courts must be replaced within the shortest possible time." The proposal is justified as follows: "We must enforce our concept in the process of the system change as a result of rationally organized legislative work."

No one should be surprised, because the prime minister publicly reports in advance every significant step he is about to take, and he does so through Istvan Csurka, his government spokesman. The fact that the dismissal of MNB [Hungarian National Bank] President Gyorgy Suranyi took place shortly after a brutal attack launched by MDF's [Hungarian Democratic Forum] chief mouthpiece against the bank president striving to establish monetary policy independent from the government, and that party economic policymaker Peter Akos Bod took the bank president's place, should suffice to prove the truth of this statement. Thus the head of government was able to hit two flies at once. He gained not only a bank president who feeds from his hands, but also an industry minister in the person of Ivan Szabo, replacing the more theory-oriented Bod. Ivan Szabo, the new minister, promised to be more tough. He proclaimed that "industry policy and crisis management" were combative tasks.

Less than two weeks ago Csurka issued another statement: "The old guard must not be allowed to become part of the leadership of future stock corporations which manage property destined to remain under long-term state ownership, because the previous enterprise managers were not professionals but party workers," he said as part of a presentation in the countryside. One did not have to wait long for the prime minister to act. Party outsider Minister Without Portfolio Ferenc Madl, chairman of the AVU's [State Property Agency] Council of Directors, has previously indicated to Jozsef Antall that he would not be able to simultaneously perform his numerous functions, such as the supervision of privatization, the direction of actions regarding Bos-Nagymaros, etc. Indications are that in the prime minister's view, last week was the appropriate time to interpret Minister Madl's complaint. This resulted in Madl's relief from the chairmanship of AVU. Thus the head of government created high level places for two more MDF soldiers: Brought out from the twilight of anonymity, Tibor Pongracz was appointed to become Finance Ministry political state secretary and chairman of the AVU all at once, and former Finance Ministry Political State Secretary Tamas Szabo, to become minister without portfolio to supervise privatization. No secret was made of the fact that Tamas Szabo's authority would extend not only over AVU, but also to the supervision of the future, new ATR.

Originally, MDF Vice Chairman Tamas Szabo exchanged his director's chair at the Komfort Commercial Enterprise—transformed into a corporation in the days when spontaneous privatization flourished—for a seat in Parliament. After serving for eight months as a Ministry of Labor political state secretary he had himself transferred to the Finance Ministry in a similar capacity. His relationship there with his most recent minister was not entirely without clouds, according to indirect indications. "We are trying to rise above our adverse personal characteristics," Szabo once responded to an inquiry about the way he got along with Mihaly Kupa (HETI VILAGGAZDASAG, 2 March 1991). One cannot tell whether the state secretary was more or less successful in this regard, in any event, in an interview not too long ago Mihaly Kupa expressed restrained recognition of Tamas Szabo: "The political state secretary... is a politician. A politician is unfamiliar with the profession. I would like to add that it is likely that I have the best educated political state secretary in the state apparatus to perform this function" (NEPSZABAD-SAG, 14 December 1991). In any event, the relationship between Tamas Szabo and Mihaly Kupa became rather puzzling when the Finance Ministry state secretary took off on a jamming flight while parliament debated the central bank law. He first supported the MDF intent to curtail the independence of the MNB, but later rejected ideas to change the situation. Rumors to the effect that Tamas Szabo had something to do with last year's feelers concerning the rescheduling of the foreign debt—which came as a shock to bankers and which was attributed to Mihaly Kupa—had similar effects. In any event, those who as a result of past months' discord between the AVU and the Finance Ministry expected to see the end result of the game between Csepi and Kupa, may now be stunned by the victory of the increasingly strong Szabo. It hardly serves as consolation to the finance minister that his new state secretary also became the chairman of AVU, because the person chosen carries little weight within his party and because the economic policy role played by AVU has shown a rapid decline.

Some observers believe that it is primarily Tamas Szabo's "personnel" orientation that makes him suited to perform what is expected to be his greatest task, the organizing of the ATR and the filling of positions with loyal party members. Szabo's interest is not so much professional in scope than it is in dealing with individual positions and the people who fill those positions. He could probably lean on figures within or close to the MDF in this regard, many of whom have become part of the AVU in recent months. These may include the most recent appointee to AVU's council of directors: titular state secretary Jeno Laszlo, the forward bastion of the MDF Monopoly Group that urges more stringent privatization rules, and Gabor Slosar, the past manager of the MDF's economic policy committee for whom they established a second deputy managing director's position at the AVU last October, so as to direct from that post the management of state property that has not been privatized.

In its reach for party-state powers and for the acquisition of financial foundations to exercise such powers, the MDF manifests consistency not only in through its functionaries, but also in the development of needed legal provisions. The changing concept of long-term state property, and of the functioning of the institutions supposed to manage such property, demonstrates this consistency. A number of economists—irrespective of party affiliations—have sensed for a while that the time has come "to do something" with enterprises that were left out of privatization primarily as a result of lack of market demand, or parts of which were left under state ownership as a result of partial privatization or privatization achieved by increasing the enterprise's capital. In these cases the law governing the AVU provides a solution for exercising the state's ownership rights, enabling AVU to transfer such rights under contractual agreements to private companies. In reality, however, only one agreement like this has been consummated thus far. In it the AVU designated Co-Nexus, Inc., to manage the state share of the property of a partly privatized enterprise, and it did so as a result of closed bidding. The contents of the agreement are secret.

Any concept which does not start out from the original idea—according to which only unsold properties would remain under state ownership—but is based on the idea that from the outset, the state intends to designate a group of enterprises as state property—property that can be privatized only in part—is something entirely different. All this appears as sufficiently odd at a time when factual proof exists that the bulk of Hungarian enterprises lose their worth as a result of market loss and of deteriorating technology, and when the array of choices available to foreign investors in East Europe is broadening.

In any event, an expressed commitment to adhere to state ownership has been clearly expressed in the first version of the privatization strategy prepared and signed last spring by Tamas Szabo, the then chairman of the privatization committee within the government's economic cabinet. "We are considering economic activities that would best be performed under governmental care," Szabo said in those days, thus encouraging the old and new advocates of "entrepreneurial state" theories which have been regarded as failed ever since the sinking of the the party-state.

Based on this, a secret bargaining has been going on for more or less a year within party and governmental circles about the actual enterprises that should be excluded from possible privatization, and within that, the extent to which such exclusion should be made—to the fullest extent, or to a degree in which the state exercises majority or minority control. According to official statements this restriction would apply to between 100 and 150 firms, and this would amount to 35 percent of the state's entrepreneurial assets. These figures may be misleading, however, because this category does not include e.g. the public service enterprises which control large assets and which are also destined to remain under state

ownership. On top, rather profitable enterprises might fall victim to the original capital accumulation of the state-centered wing of the MDF.

The government's thinking with respect to the institution to manage long term state property also underwent a noticeable metamorphosis. While in May Tamas Szabo said that the management of long-term state property must be resolved within AVU—the agency whose primary function is privatization, the privatization strategy released last fall raised the idea of establishing a State Ownership Institute [ATI], disregarding state budget reductions (HVG 30 November 1991). But the proposal according to which the functions of the two institutions would definitely be separate had survived for only a few weeks: let the AVU sell what is saleable and let ATI "property manage" what cannot be sold.

Last week the government has reached a final decision concerning the establishment of a single-person stock corporation for the management of long-term state property (its tentative name is AT, Inc.), thus expanding its power significantly. Based on this decision, in a manner different from what earlier proposals had called for, AT, Inc., would exercise the state's ownership rights—e.g. the appointment and dismissal of enterprise managers and the transformation of an enterprise into a corporation—not only in regard to enterprises wholly owned by the state or over which the state exercised majority control, but also with respect to enterprises in which the state's ownership share amounted to only 25 percent. In these enterprises the state's ownership rights would also extend to cover the sale of property shares not owned by the state. Accordingly, two parallel state organizations—the AVU and the AT, Inc.—are taking shape: Both organization exercise the state's ownership rights over enterprises "assigned" to each, both privatize and manage property under the supervision of the same minister, while it only depends on a government decision when and which enterprise will be assigned to one or the other organization. The "Foreword" to the present legislative proposal states that "This may provide a way in which assets that could be privatized would be transferred under the state's ownership auspices, if the government so decided in due regard to changed circumstances but consistent with criteria expressed by law." This statement clearly indicates that the government may play an arbitrary game of chess with state enterprises it regards as its own. And since the declared goal is to fill the AT, Inc., with reliable MDF cadres, one should not be amazed if shortly, the point of gravity of privatization—and of anti-privatization—decisions shifts from AVU to the new institution. AVU never really enjoyed the confidence of the ruling parties. Thus AVU would be vacated and pushed to the side, the organization in whose council of directors one also finds a Laszlo Urban, the person who would be a hard-to-remove "inclusion of FIDESZ [Federation of Young Democrats]."

State Accounting Chief on 1992 Budget

92CH0318E Budapest NEPSZABADSAG in Hungarian
11 Jan 92 p 7

[Interview with Dr. Istvan Hagelmayer, chairman of the State Accounting Office, by Zsuzsa Regos; place and date not given: "Graded by the Accounting Office: 'A' in Waste"—first paragraph is NEPSZABADSAG introduction]

[Text] Of every 100 forints' worth of gross value produced by the economy 60 forints go to the state. Parliament has already decided about the distribution of funds on the afternoon before New Year's Eve. It is now incumbent upon the State Accounting Office [ASZ] to express its opinion on the budget. We asked Dr. Istvan Hagelmayer, the chairman of this organization, whether he recognized any change in the planning of the large distribution systems.

[Hagelmayer] Our chief objection to this year's budget is that the base year outlook continues to prevail both in the budget and in the economy as a whole. They continue to plan increments on top of the previous year's actual figures, and once again a structural review of the use of central funds has not been performed. Finance Minister Mihaly Kupa also recognizes this fact. One cannot speak of real transformation unless this change takes place. Based on the final review of last year's budget I delivered to parliament, I dare say that, characteristically, wherever we look we find waste. I found waste both in the state civil service and at the local governmental level.

[Regos] Parliament has withdrawn 1.5 billion forints from the state civil service, therefore they obviously will be forced to streamline their management. But what is going to happen at the local level?

[Hagelmayer] Not too long ago I met with the group of eight, i.e., the appointed county executives. They said that local governments were very badly managed. These organizations operate with 70-percent state support and only 30 percent of their funds are derived from their own resources. I believe that for the time being, their problem is a shortage of financial professionals who could have a say in the utilization of the already tight resources. For example, there is a requirement for forming a financial control committee in municipalities with more than 2,000 inhabitants. Many of these municipalities are incapable of forming such a committee. Comptrollers also have difficulty in coping with more than 3,000 types of local governmental activities, because their number is very small as compared to the volume of work involved. Parliament probably recognized this concern and raised the staff level at the ASZ by adding 65 positions, increasing the total staff to 340 persons. Correspondingly it also increased the ASZ budget from 380 million forints to 540 million. I am convinced that stronger local governments could boost economic development. The opportunity is given; based on private initiative local governments could, in a few years' time, become financially more independent than they are today, even if not

self-sustaining. Although statistical records have not yet developed to the point of providing a truly authentic picture of enterprises employing fewer than 50 persons, I believe that after adopting a few fundamental economic laws and under more settled budgetary conditions the small and medium-sized enterprises could serve as the foundation for progress. Local governments could gain strength if this were to be coupled with a radical reduction in state functions. One of the main reasons for the slower than possible economic development in Hungary is that local governments lack strength.

[Regos] The absence of which laws do you regard as a central issue?

[Hagelmayer] The state household law would be most important from the standpoint of ASZ and the country. So far as I know, parliament will render a decision in this regard during the first half of the year. Thereafter, I think, the rest of the laws will not be delayed for long.

[Regos] Preliminary control over the budget is essential from the standpoint of the system change, but this method is not being used in civil democracies. We have already mentioned the unchanged base year outlook that is used in planning. How should the change be accomplished in your view?

[Hagelmayer] We will have a more accurate picture of the respective roles to be played by the government and representatives in parliament once parliament adopts the state household law. If the authority to regroup various chapters of the budget remains in the exclusive realm of the National Assembly, this will force the planning organizations to perform their work very thoroughly, much more seriously than before. This is so because in this case plans submitted could only be changed with the approval of representatives. And this would draw the consequence that planners would have to show their colors if they performed an inadequate job in thinking through a few things.

[Regos] ASZ must also oversee the spending of large investment funds included in governmental programs. The position you have taken in regard to the World Exposition whipped up a rather large storm at the time parliament rendered its decision.

[Hagelmayer] We would, by all means, like to avoid a situation in which we become the focal point in the cross fire of political battles. In the course of making such preliminary reviews, however, we unavoidably become mixed up with politics. However uncomfortable this situation may be, we must go along with it to avoid situations in which the country falls into a trap as it did in the case of Bos-Nagymaros. Parliament must debate every resolution submitted by the government. Regarding the barrage issue we must note that representatives were not even aware of the time when the agreement was reached, the negotiations were conducted in secret with the Czechoslovak partners. I am certain that situations similar to this one can no longer occur. At that point it will suffice for us to examine how much

state funds are being expended and for what purpose, after parliament has reached a decision. A preliminary audit would be the government's function. So far as I know the finance minister had been assigned the task of establishing an audit and control organization of this kind.

[Regos] Last year Eurosai, the organization of European accounting offices held its meeting in Hungary. This could be perceived as a recognition of the ASZ' activities. Of what benefit are international relations to auditing work?

[Hagelmayer] Meetings like the one held at Lake Velence are helpful in terms of information exchange and the development and strengthening of bilateral cooperation. At this point in time I am unable to assess the advantage to be derived of the fact that last year Eurosai, which is composed of the accounting offices of 34 states, has elected me as its vice chairman, and that I also became one of the 15 members of the governing body of Intosai, the international financial control organization which represents 170 states and functions under the aegis of the U. N. Indeed, these appointments indicate recognition. Insofar as bilateral relations are concerned, we maintain traditionally good relations with the Austrians and the Germans. The chairman of the German accounting office will soon pay a visit and I will question him thoroughly about the work he performed in the former GDR. Just now, we have reached an agreement with the Swedes; they will provide additional training to our professionals for three years and will help introduce applied information systems methods in Hungary. We have similar cooperative relations with the British. Aside from good relations, we will learn from them how to control the disbursement of state funds for the purpose of ameliorating unemployment. More than 50 billion forints are being expended for this purpose in Hungary today. The British have learned in the early 1980's a way in which it is possible to successfully manage such huge amounts. We are presently preparing a program with their help for the most rational utilization of the funds we have.

State Farm Privatization Method Criticized

92CH0318A Budapest FIGYELO in Hungarian
16 Jan 92 p 4

[Article by P.B.: "No Exception"]

[Text] News report: "... the government is placing more than 60 state farms under state administrative supervision."

State farms will not get away without privatization either. All of them must be transformed into corporations. They selected 24 farms at first, then reduced to 12 the number of farms to remain under state ownership. This, from a group of enterprises that controls 10 percent of the agricultural land and provides 18 percent of the value of agricultural products.

These farms possess biological foundations that are indispensable from the standpoint of growing plants and breeding animals, and indeed, it is wise to keep these farms in the hands of the state. The blemish in this regard is that many more than the selected 12 farms possess the above-mentioned biological foundations. Half the number of state farms set aside are engaged in producing hybrid corn anyway while this is the only biological foundation that could really be dealt with in the marketplace. Large private farms perform this service also in the West.

The number of farms to remain under state control, and the number of farms to be offered to investors, is not really important. State ownership amounts to "only" a 51-percent state share of ownership; in any case, the rest would be divided between local governments, people who work there, and outside investors.

The problem is that if any profit could be derived from agricultural activities, the amount of dividends to be paid from the profits would be so small that it would not attract any sober investor. This is not so important in the context of the 12 farms—which, in a peculiar way, include the cane farm of Fertod, which has no biological foundations whatsoever—because, in the final analysis, we are dealing here with a distribution of shares of ownership. Just what an owner does with his shares is his problem.

At issue is the future of the rest of the 120 farms: Which parts of these farms will be purchased? One is able to find a plant worthy of investment everywhere, but then, what will happen to the rest, and mainly to the land which, for example, foreigners are not even allowed to purchase?

As planned, a state property management organization will dispose over the land of former state farms, and this organization will lease the land to corporations taking the place of state farms. Yet another factor creates uncertainty with respect to transforming state farms: They too must designate for auctioning a land of a size corresponding with 20 percent of cooperative land designated for auctioning.

One could continue to provide "what if" scenarios, but this would not change the situation at all. There should be no misunderstanding: State farms should not be left over as the economic remnants of the bygone political system, but the related transformation should have been accomplished in the marketplace because under competition-neutral market conditions one-third or one-half of the state farms would have gone bankrupt in the natural way, while the rest could have developed unimpeded. It is not too wise to hasten economic processes and to implement a simulated change in ownership for political reasons, such as relieving from their positions the people who have managed these farms thus far.

CIB Bank Structure, Performance Discussed

92CH0318B Budapest FIGYELO in Hungarian
16 Jan 92 p 7

[Interview with Central European International Bank President Gyorgy Zdeborsky by "i.g."; place and date not given: "Small Bank With Large Volume"—first paragraph is FIGYELO introduction]

[Text] The Central European International Bank, Inc.—commonly referred to as CIB—is a unique institution in the Hungarian banking system. In addition to the MNB [Hungarian National Bank], its stockholders include a French, a German, an Italian, and two Japanese financial institutions. Despite its prestige, one rarely hears about the activities of the CIB—the annual value of its documentary transactions alone amounts to several billions of dollars. We discussed this and other matters with CIB President Gyorgy Zdeborsky.

[Zdeborsky] Five foreign banks—the Banca Commerciale Italiana, the Bayerische Vereinsbank, The Long-Term Credit Bank of Japan, the Mitsui Taiyo Kobe Bank, and the Societe Generale—as well as the MNB are the stockholders of this financial institution. CIB had been established in 1979—almost 13 years ago—when foreign capital participation was not an everyday phenomenon in the Hungarian financial world.

Until recently, CIB's capital stock amounted to \$30 million, and the amount was raised to \$40 million by the stockholders in 1991. In addition to the CIB, which handles foreign exchange transactions exclusively, we also have a commercial bank called the Central European Credit Bank, Inc. [KHB], which is primarily interested in forint transactions. The KHB is only a few years old, it has been operating since 1988 with a capital stock of 1 billion forints. It performs forint transaction for CIB's and its own clients, takes deposits and grants loans.

[i.g.] What characterizes CIB's present operations?

[Zdeborsky] The CIB closed the year 1990 with foreign trade transactions amounting to \$2.3 billion, and the year 1991 with a volume of transactions valued in excess of \$3 billion. This is a significant volume even if compared to the country's total amount of foreign trade transactions. We operate with a relatively small number of people: We have 260 employees, altogether. In my judgment, the administration of a more than \$3 billion trade volume by barely more than 250 people represents a respectable performance.

In general, we are not dealing with small volume, low value assignments. Characteristic of CIB is the fact that the number of our domestic partners is not too large, but the number of business transactions we perform is. Between 1989 and 1991 the number of transactions has tripled, and this is a respectable growth rate. While the

number of workers at the bank has increased by somewhat more than 50 percent during the past three years, the per employee profit earned by the bank increased by a multiple of 2.5.

The fact that the value of exports is substantially higher than the value of imports is characteristic of the kind of trade we deal with. The goods consist mostly of raw materials and energy resources: oil, oil derivatives, grains, meats, and chemicals. Tungsram is one of our important customers, we finance its exports.

As we used to say, we resolve almost all the financial problems experienced by our clients "under one roof." In this regard, however, I would like to dispel one misunderstanding. Some people believe the the CIB's and the KHB's transactions overlap as a result of joint ownership, and that there is "free-flowing exchange" between the two. This is not at all the case. The two banks constitute two separate legal entities; they maintain separate books, prepare separate financial statement, and provide different banking services.

[i.g.] What are the CIB-Group's plans?

[Zdeborsky] We prepared a strategic plan until 1995, and this has been approved by our international board of directors. Based on this plan the annual main balance of the CIB will amount to about \$700 million in 1991. This is appropriate from the standpoint of the CIB's capital stock which has been raised to the \$40 million level, of its own, present capital as well as from the standpoint of international financing opportunities. The KHB's main balance shows a dynamic growth. The KHB will open offices in Gyor and in other parts of the countryside this year. The expansion of our existing services guarantees our ability to earn an appropriate amount of profits.

[i.g.] Any personnel changes?

[Zdeborsky] As of 1 January the CIB-Group will have a new president in the person of Mr. Jean-Marie Weyders, the International President of the Societe Generale. The changing organization raises some issues concerning changes to be made, but this should not mean that they no longer want to work with all of the leaders I have appointed to their present positions. And I have been confirmed in my post by the Board of Directors for an additional three-year term.

Changes in Council of Ministers Outlined

92EP0184A Warsaw RZECZPOSPOLITA in Polish
16 Jan 92 p 3

[Interview with Wojciech Wlodarczyk, chief minister in Office of the Council of Ministers, by Renata Wrobel; place and date not given: "The Politicians and the Professionals"]

[Text] [Wrobel] During the hearings in the Sejm Commission which preceded your appointment as minister you stated that you are not a specialist in the matters that will come before you, but that professionals will be working for you. That is a very courageous statement at a time when a large portion of society is heaving a sigh over so-called government by professionals.

[Wlodarczyk] In all normal countries, the middle level and even the higher level of the official cadre is made up of professionals. On the other hand, those who make the decisions and set the directions are the politicians. And that is how it should be; that is the normal situation. At the same time, it is obviously good for the minister to have a political face as well which fits the "landscape" of the government, as well as qualifications in the field with which he deals.

[Wrobel] We observed a discussion on the subject of the criteria for filling positions in the ministries, primarily the deputy ministers. In your opinion, where in the administration does the "professional" level end and the "political" level begin?

[Wlodarczyk] But the filling of deputy ministerial positions should also rest upon political decisionmaking. It should be at the lower level such that the sole and exclusive criteria should absolutely be professionalism.

[Wrobel] How do you assess the current cadres of the Office of the Council of Ministers [URM]? Will anybody be dismissed?

[Wlodarczyk] I understand that this is a routine question asked by reporters of all new ministers. It seems to me that the URM is an obsolete institution in various aspects. It is obsolete not only in terms of filling positions (its methods are over a dozen years old), but also in terms of structures. The proposal to divide the URM into the Ministry of Public Administration (which would also take on a significant part of the powers of the MSW [Ministry of Internal Affairs]) and the Government Chancellor's Office has the approval of members of the government, including MSW minister Antoni Macierewicz. When we shall do this is merely a matter of time, money and resistance. At that time the problem of the enormous number of sections which, in my opinion, should not continue to exist, will arise.

[Wrobel] Which sections do you mean?

[Wlodarczyk] There is a group of institutions "attached" to the URM, such as councils, commissions and plenipotentiaries. These employ many people. Perhaps a

portion of these agendas should be in operation, some of them must operate, but not in their present form and not with the same personnel structure.

[Wrobel] In the URM itself there are two basic departments: the department which deals with the government administration and the government, and the government secretariat. I have mixed feelings about the former. There are people working in it who seem useful to me and who should be utilized, but I also have negative observations.

[Wlodarczyk] As for the government secretariat, I would like it to be an efficient organ, at the highest level of competency. I can say right now that in general it achieves its basic goals. However, if we have in mind the creation of a real secretariat, then we must strengthen its cadre considerably and reorganize it.

I would like to stress, however, that I am a pretty conservative man; I will make all cadre moves with caution and with reflection.

[Wrobel] In the opinion of society, the position, role and powers of the URM and of its chief are unclear and mysterious. How do you envision your role in the government and in political life? Do you see yourself merely as the chief of such an odd ministry, as the "chief of cabinet" of the prime minister, or in yet another way?

[Wlodarczyk] First, let me address the mysteriousness of the URM. When I came here, I heard the comment many times that it is the "government trash heap." And that is the truth. The URM is the catchall for offices which cannot be attributed to any other ministry in any way. It also contains those sections which, for various reasons (often political), are slated to be specially fortified. Perhaps sometimes that is how it ought to be. Certainly, the institution which handles integration with the EEC should be secured near the prime minister so that it has powers embracing all ministries. There are other sections, however, such as the office of the government plenipotentiary for women's and family affairs. These arose for political reasons. While no one questions the importance of these matters, today they must be looked at more closely. Some plenipotentiaries and special offices could be successfully located in the appropriate ministries. Others are starting to lose their *raison d'être* due to the changes occurring in Poland.

And how do I myself feel in this position? I am here by virtue of the prime minister's decision. I never hid the fact that I have worked with Jan Olszewski for upwards of 12 years. I think that we understand one another very well. Certainly, the role that I shall play concerns not only and exclusively the activity of the URM. It is likewise a political role and a role performed by the URM chief with regard to other ministries: sometimes coordinator, sometimes helper. The political foundation of the government is still quite wobbly and measures must be taken to reinforce it. A person who is closely associated with the prime minister, who could take upon

himself a portion of the duties emanating from contacts with political circles, is needed.

[Wrobel] And is that the task that you would perform?

[Wlodarczyk] That is the task that I am already performing naturally.

[Wrobel] Your predecessors left several projects unfinished. What will the next step be, for example, with the project for reforming administrative distribution, with the creation of administrative districts [powiat] and regions?

[Wlodarczyk] That was my first decision. A commission for the affairs of reforming the administration at the central and local level was formed under the chairmanship of Senator Jerzy Stepień. The commission, reinforced with a team which worked under the previous government, is also handling the matter of territorial distribution. Preliminarily, we are in favor of a return to administrative districts in which governmental and self-governmental authorities would mutually complement each other.

The concept of the higher, exclusively governmental, level is related to this. The majority of RM [Council of Ministers] members agree that the redistricting emanates from local needs: from what "regional Poland" expects, from the communications, land use, historical, cultural, and economic structure and the like.

The liberals have spoken of 14 regions. We, on the other hand, think (and I note that these are preliminary reflections) that we must return to large voivodships and that there ought to be more of these than there were before Gierek's reform—over 17 of them. This emanates from the fact that since that time several new centers have clearly grown economically.

The voivodships would not have the autonomy proposed by the liberals in radical regionalization proposals. They would be subject to central authority to a greater degree. We do not want to cause the sort of decentralization that would destabilize the operation of the state administration during a difficult period.

[Wrobel] What will be the scope of the voivodship governors' exchange? On the basis of what criteria will this exchange be conducted? Will we have to deal with the repayment of debts allegedly during the period of creation and appointment of the government?

[Wlodarczyk] I read in the paper that Senator Celinski is speaking of a mass exchange of voivodship governors. Another source says that we are giving up 14 voivodship governor's positions in exchange for support in the appointment of the government. I must categorically deny this. Nothing of the sort will take place. We shall certainly not make political criteria a priority. The voivodship governors are state officials at that level at which one's "political coloring" should be of secondary significance, after their substantive worth.

Obviously, we are evaluating the activities of voivodship governors. At this time there are five or six voivodships in which changes should possibly be made in the very near future because the actions of their voivodship governors have been criticized.

However, these changes will take place following a very thorough examination of all the pros and cons. When a decision is made to let a voivodship governor govern, only criteria related to a substantive assessment of his work will be taken into consideration.

I would also like to say that two voivodship governors have submitted their resignation: Mr Andrzej Tyc from the Democratic Union and Mr Andrzej Czapski, Sejm vice marshal, from the Liberal Democratic Congress. Both attributed their resignations to their desire to devote themselves to parliamentary work.

[Wrobel] If, as you say, the criterion of party affiliation will not be used, according to what criteria will the new voivodship governors be appointed?

[Wlodarczyk] In this field there is both tradition and requirements which must be considered. There are respected groups in a given area—trade unions, parties, organizations, and other influential institutions. We must take into account what they have to say. We also check whether a candidate for voivodship governor meets the requirements stipulated for state office. All this is the point of departure for electing candidates who should be presented before the self-governmental sejmik for its opinion. Of course, the final choice belongs to the prime minister, but he takes the opinions collected in the voivodship into account very seriously.

[Wrobel] The government decided not to submit the draft update of the competencies law dividing up tasks between the self-government and the governmental administration to the Sejm. In conjunction with this, what will be the future of regions?

[Wlodarczyk] I do not wish to make temporary moves which will have to be withdrawn later. Our ultimate plan is to create administrative districts [powiat] on a base of modified regions. Then it will be very important to re-examine the competencies law and to eliminate whatever hampers self-governmental activity.

[Wrobel] The administrative committee has approved your candidacy to the position of minister, but the territorial self-government has not. Would you like to win over "self-governmental lobbies" to yourself?

[Wlodarczyk] The state structure should be built upon a strong self-governmental foundation. I also explained this to the self-governmental commission. It seems to me that in a few months we shall be able to return to this conversation, but thus far gminas are convinced that things are not too bad "under Wlodarczyk."

[Wrobel] There is no longer any plenipotentiary for self-governmental affairs. How will the government supervision of self-governmental matters be organized?

[Włodarczyk] There is the Office for Self-Governmental Affairs in the URM. This continues to be the organ to which gminas can turn in critical, conflicting cases. How, we must aim to make the situation of self-government at the lowest level and at the administrative district level such that appeals will not be necessary.

[Wrobel] In the proposed tentative budget, less than 100 billion zlotys [Z] is projected for the URM. What can you do about this?

[Włodarczyk] Aside from those steps of which I have spoken—the “purge,” paring down and rationalizing structures and aiming to create the Administration Ministry—really very little.

Need for New Legal Regulations Discussed

92EP0184B Warsaw RZECZPOSPOLITA in Polish
6 Jan 92 p 3

[Interview with Zbigniew Dyka, minister of justice and attorney general, by Krystyna Chrupkowa; place and date not given: “We Must Go Forward”]

[Text] [Chrupkowa] The most important problem you shall have to confront as general prosecutor is crime, especially economic crime, which corrupts and touches (to put it delicately) people in authority: beginning from the bottom, i.e., the self-governments, and ending with those of privilege.

[Dyka] The market economy has brought us new types of crime. The rebuilding of the system has created situations that engender speculative crimes. These constitute a kind of prime cost of the current changes. It will be my task to minimize this bitter price, for it would be naive to think that someone or something will manage once and for all to put an end to such phenomena.

[Chrupkowa] The stumbling block is that you have few weapons since the law is weak. The regulations that would be effective in efforts against speculative crime today have been removed from the law and new ones have not yet been added.

[Dyka] It is a great misfortune that the previous Sejm repealed Articles 134 and 135 of the penal code. These were clearly aimed at large-scale economic speculation and economic-financial speculation in trade with foreign countries.

The only thing we can do now is to pass the necessary regulations as soon as possible. That is why my first decision as minister was to send a draft anticorruption law to the Council of Ministers [RM]. Most likely, the government will examine this draft at its next Tuesday meeting. The essence of the draft law reduces itself to the following statement: Either you perform a public function or you work in business. The two cannot be reconciled; the future law will prohibit this.

The next indispensable move is the reform of the entire system of penal law as rapidly as possible. Fortunately,

the drafts of all penal codes (except for the UKS [judicial penal law]) are ready. Any day now they will be sent for interministerial consultation. In the penal code draft, for example, are found two new chapters dedicated to crime that was formerly not punished but that has existed so long that it has become seized upon and standardized. I refer to certain negative economic phenomena against which the prosecutor is helpless today. Unfortunately, the legislative process with regard to penal law takes a long time—we may expect it to take a year or even two. Thus, for the time being, perhaps we shall succeed in filling the existing gaps with a quick updating of the current law.

[Chrupkowa] The state of the present penal code, which does not facilitate the prosecution of certain crimes, should be a warning to those who say that the law heretofore proclaimed is no law.

[Dyka] As an expert in state law I can only say one thing: The law must bind everyone, always, including those times when one is not happy with it. If it is bad, then it must be changed for the better. But I do not think that it is possible to refrain from applying it because its origins are bad. This would constitute a legal collapse which cannot be permitted under any circumstances.

[Chrupkowa] Another serious problem, this time within the domain of the minister of justice, is the threat of the bankruptcy of courts, lock-ups, prisons, and other institutions under your jurisdiction. They do not have the money to pay various kinds of services and benefits, especially those related to occupied buildings. Is it possible to close courts for reasons of the financial collapse of the Ministry of Justice?

[Dyka] We will not allow this to happen, but the financial situation is quite disastrous. Our total needs are covered by the sum of approximately 2 trillion zlotys [Z] a quarter. The Ministry of Finance [MF] has required that we cut this budget. Thus we have submitted the sum of approximately Z1 trillion 300 million into the tentative budget. This constitutes the indispensable minimum. The final amount in the tentative budget is Z800 billion. Thus, the situation is tragic, but that is how it is in all budgetary units.

[Chrupkowa] Since we have touched upon economic problems, we must state clearly that the privatization of notariates, which is taking place at a snail's pace, and the months of waiting one's turn in registry courts in no way fosters this economy.

[Dyka] I am aware that the hampering of development of trade depends upon these institutions. Thus, the privatization of notariates will conclude this year. Dozens of objective reasons emanating from the generally poor financial condition of the ministry are helping to bring about the tie-ups in registry courts. However, let us dispel this stream of complaints by saying finally that the situation is so bad that it could not be worse. Thus, we must move forward, for there is no other way out.

[Chrupkova] The problem of the so-called verification of judges is returning like a boomerang. Your predecessor was opposed to it. What about you?

[Dyka] I hold precisely the same view as Professor Wieslaw Chrzanowski. I believe that at present the so-called verification is not possible. On the other hand, a legal mechanism must exist to allow those who never should have been judges to leave the profession. In my opinion, a judge must have character, i.e., he must be inwardly honest and independent. All other indispensable qualities (knowledge, competency, and the like) are likewise important, but a mistake made, for example, as a result of insufficient knowledge, can be rectified. With regard, however, to a judge who is inwardly dishonest, there is no removal to another echelon. Thus, if a judge loses the quality of this inner honesty which is absolutely indispensable in this profession, if in his character he proves to be susceptible to outside influences (it does not matter whose), then it is my conviction that he stops being a judge. He has become dependent, and he must be independent.

I emphasize once again: Someone who abandons his independence must hand in his toga. And we must help him in this.

In the state of law this is possible only on the basis of the regulations of the law, which do not, but should, exist. Obviously, we must make the applicable changes in the law on the structure of the universal courts.

[Chrupkova] Do you favor the present system of electing the presidents of the courts?

[Dyka] No. The minister, ultimately an administrator meting out justice, really has no influence over filling the positions of the presidents of courts, i.e., administrators of a lower rank. The role of the minister here is completely a window-dressing.

So that there is no misunderstanding, let me say that this is not an attack on judicial autonomy. It in no way concerns that which is sacrosanct: the autonomy of judges in ruling and the autonomy of the courts. What it does concern is a very prosaic thing: making it possible for the minister to perform his functions through the presidents who perform exclusively administrative-organizational tasks. Candidates to these positions should be proposed by the minister, and then the judicial self-government should render its opinion.

[Chrupkova] In distinction from the courts, everything depends upon the minister as far as the central government is concerned. Then what kinds of changes may we expect?

[Dyka] The criteria that will guide us in cadre policy are the following: the efficient operation of the ministry, the substantive worth of individual persons and the loyalty of ministerial employees to the state. To the extent that I am familiar with the team of those who work in the central government, I do not anticipate cadre changes.

On the other hand, the introduction of cassation will certainly force changes and reorganization. I am very much in favor of cassation and I must say that during my entire professional life as a lawyer I have abhorred the so-called extraordinary review, a typical institution of Stalinist origin which totally negates the principle of equality before the law. Thus, I will do my utmost to bring cassation into circulation in our legal system as quickly as possible.

[Chrupkova] You are the minister of justice, the prosecutor general, but you are, above all, a lawyer, and it means a great deal that you have spent 30 years in this profession. Thus, I suspect that the great importance you attach to penal law also has its roots in your professional background. Moreover, I am curious about how you will respond to the question: What will your position be on the subject of the possible combining of the professions of lawyer and legal adviser?

[Dyka] It is true that I also view penal law from the lawyer's viewpoint, for example, trial guarantees, likewise for the person who has been wronged, are especially important to me. Relatedly, I envisage the need to broach a very difficult subject: the judicature of misdemeanors. Should the citizens' bodies that have jurisdiction over minor offenses continue or should they be liquidated? Should those types of misdemeanors that carry the stiffest penalties be included in the general judicature? We cannot avoid answering these questions.

As for your second question, I reply sincerely that both professions are separate enough today that it is not yet the time to join them. On the other hand, I think that we should already be considering a joint application with a view to the future. I am a conciliatory man and I think that we shall resolve the problem to the satisfaction of both sides. Parenthetically: In France after a 20-year-period of *vacatio legis* [delay in the law taking effect], the professions of lawyer and legal adviser were combined. The unification law was passed in 1971 and took effect on 1 January 1992.

[Chrupkova] The influence of the minister of justice on the quality of a proclaimed law (beyond a strictly judiciary law) is slight, so let us pass over this subject. In the present government, however, there are at least two lawyers (the prime minister and the minister of justice). The Sejm marshal is also a lawyer. Given this, is there at least a glimmer of hope that we shall finally begin to create new, stable laws?

[Dyka] I hope so, but there are too few lawyers in the Sejm.

Bujak on Priorities in Governing, Economy
92EP0181B Warsaw GLOB 24 in Polish No 14,
21 Jan 92 p 4

[Interview with Deputy Zbigniew Bujak, leader of Democratic Social Movement, by Wojciech Krawczyk; place and date not given: "If the Government Were To Fall...."]

[Text] Bujak is 38 years old, married, an electric power technician. He served in the paratrooper corps. From 1973 to 1981 he was employed at the Ursus Mechanical Plants, where he was a strike organizer. He was a cofounder of Solidarity. From 1981 to 1989 he was chairman of the Mazowsze Region and a member of the union's national leadership. After 13 December 1981 he went underground. He was arrested in 1986 and freed the same year under the amnesty. He is a former member of Lech Walesa's Citizens' Committee. Along with A. Michnik he was given the Robert F. Kennedy Human Rights Award. He is founder of the Foundation for Large Families. He is a deputy and chairman of the Democratic Social Movement.

[Krawczyk] The third government, which comes out of the Solidarity camp, has probably the least chance of resolving the crisis in which we find ourselves, and we can easily mention at least several defects in Olszewski's cabinet that confirm this notion. Which of this group's flaws do you consider to be the most telling?

[Bujak] This is a government formed out of a roundup. It consists of people sort of thrown together. Furthermore it is strongly marked by ideology. This fact links its sympathizers neither in a political class and business communities nor in the overwhelming majority of the society that above all wants somehow to endure. Ideology may entangle this government in profound personal conflicts, as, after all, it is already doing, and this fact in turn is a threat to the fragile foundations of the party coalition and rather mysterious parliamentary arrangements. This bears with it the risk of chaos and disorganization of the country and the economy, the consequences of which are difficult to imagine.

I do not suppose, after all, that the ideological motive driving the present group to fight for chairs is occurring spontaneously. The struggle is probably being accompanied by an entirely pedestrian calculation that through the control of numerous administrative positions it will be possible to distribute various sorts of concessions to allied parties, especially those that bring money. This is a second reason for such an absolute rotation of positions, although it can be easily understood in a situation where the question of party and campaign financing has not been regulated in Poland. I think that other parties in power would behave the same way.

What is most disturbing to me, however, is this government's irresponsibility and disarming lack of professionalism in economic matters. Olszewski and his allies, after all, have been preparing to take over the leadership for a long time, and it was clear that they would ultimately come to power. Meanwhile, after taking office, it turns out that they were born yesterday. The prime minister does not promise to present an economic program until two months from now, and it comes as a surprise to his minister that prices of electric power are going up, although the increase has been public knowledge for over a year now. It is entirely inconceivable to me that politicians so anxious to hold office have not had time all year to draft proposals for changes, the task that in the

long run is the reason for trying to come to power. After all, these people represent the elite and follow the course of issues in the country day by day. They have access to various sorts of analyses and forecasts from GUS [Central Office of Statistics] and CUP [Central Planning Administration], as well as to their people in all the offices and ministries. And now they are becoming involved in a terrible struggle with several Union and Congress officials with unquestionable competence and jurisdiction. I find this disappointing, convinced as I was that Olszewski had already worked out a detailed program for at least the next five sessions of the government and would make decisions hour by hour.

[Krawczyk] What would your advice be, above all else to the prime minister, who admits to being helpless, in order to get around all the tremendous problems surrounding him?

[Bujak] To rescue the budget by making immediate improvements in tariff and tax policy, which he can do quickly without large outlays. It is humiliating that the authorities have trouble allocating a few dozen million zlotys [Z] for uniforms for new customs agents, when a month's work by just one customs agent increases the budget by Z4.5 billion. This income could be doubled, even without increasing tariffs, by sealing the borders and reducing smuggling to a minimum, but this would require clothing new people with these wretched uniforms.

Because of the tax receipts with which they are associated and their help in reducing unemployment, I would protect private entrepreneurs from the shortsighted draconian fiscal policy that is being applied to them. These people create new jobs. Now that the government can no longer do it, they often finance health care, the police, and the parish [gmina] government, but in exchange for all this they are harassed with various sorts of surtaxes, their accounts are blocked, and firms are taken over on the basis of doubtful suspicions, to the point where flourishing enterprises are sometimes driven to ruin. I would therefore end the policy of creating economic swindles, and instead I would encourage the development of private companies that pay billions in taxes, and the world will probably cave in over the fact that I, a social democrat, am calling for such a change.

[Krawczyk] What sorts of barriers might the government face during the next few months?

[Bujak] An ad hoc budget, of course, given the fact that nine deputies from Solidarity, which has been backing Olszewski up until now, are tipping the scales by saying: No. If the government overcomes this obstacle, then it faces a second crisis over the promised reform of the central and regional administration. Once Olszewski manages to pare down the inflated ministries and reduce the number of them, which neither Mazowiecki or Bielecki could do, then he will have tremendous success

and will, of course, remain in power, which I wish for him, despite the considerable ideological distance between us.

[Krawczyk] But if this government falls at the first hurdle, what then? Will the Union manage to come to terms with the Congress and Central Accord (PC) and form a government?

[Bujak] I doubt such a coalition will come about. But if such an explosive mixture was created, then its government would be less operative than the present one, because, in my view, it would be everyone who would be distrustful of the intrigues and conflicting social and economic moves. After the possible collapse of the present government, the president of the Council of Ministers would probably take over the presidency. Walesa is attracted to U.S. presidents and American executive solutions, so I suppose that he would like to bring to Poland the system of power they have there, which, for obvious reasons, is impossible. I personally doubt that Walesa could be effective as prime minister, because he has not demonstrated the ability to put together a government. Neither does he have people in reserve who could bear up under the burden of governing the country.

[Krawczyk] You are eliminating successive possibilities where each proves worse than the one before....

[Bujak] I am a pessimist, in that I see how the government is going down, being the third variation of the old Solidarity, because if this third group fails too, then who can we give the mandate to in the Solidarity camp, and how, based on what? Ultimately the KPN [Confederation for an Independent Poland] could govern, but I would be afraid of that group's irresponsibility, because I am convinced that it would only kindle conflicts in all the voivodships and on all the borders.

[Krawczyk] And the government of experts you proposed during the election campaign?

[Bujak] For there to be a nonparliamentary formula for the government, the whole team in power would have to agree, and there would have to be a consensus of all the social and political forces, and hence renunciation of special interests and party ambitions. I do not consider this very realistic.

[Krawczyk] Do you still support the candidacy of your "shadow government" and maintain it is justified?

[Bujak] Yes, basically. Deputy Minister Andrzej Olechowski is a top-flight economic politician. I do not know how he fits in a ministry now being directed by Glapinski. As a brilliant manager and negotiator, if he leaves the government, he will surely immediately find a high-paying job abroad. Zbigniew Niemczycki, head of Curtis International, will do business and make money, although he would be useful to any government, because so few people know anything about handling capital. It is difficult to say whether the group will offer Leszek

Balcerowicz the post of heading the NBP [Polish National Bank], although it would be a sin not to give him the position. I am very sorry that Prof. Ewa Letowska was overlooked when the Ministry of Justice appointment was made. I think she is one of those predestined professionally and morally to conduct the transformation of our legal system.

Society as Affected by Fall of Communism Viewed
92EP0181A Warsaw RZECZPOSPOLITA in Polish
8 Jan 92 p 3

[Interview with Witold Nieciunski, professor at Institute of Social Policy, Warsaw University, by Zaneta Semprich; place and date not given: "Awards of the Polish Academy of Sciences: Where We Are Headed"]

[Text] [Semprich] At the end of your last book, *The Decline and Legacy of Real Socialism and the Transformation of Society: Studies and Essays in Economics, Sociology, and Political Science, 1981-91* (Bialystok: Dzial Wydawnictw Uniwersytetu Warszawskiego, 1991), which was awarded a prize by the Polish Academy of Sciences' Social Sciences Section, you warn against allowing ourselves to be "carried away by the apparent speed of Western events." Does this comment apply as well to our attitudes and behaviors? Do they fit the demands of the times? If they are actually changing, in what direction?

[Nieciunski] You mentioned social behavior and attitudes in the same breath, but there are clear differences between the two. Research on attitudes which two scientific groups recently conducted entirely independently of one another has produced results completely different from what you might expect in view of social behavior. For example, the research shows that society's attitudes and social views clearly shifted to the left during the time between the presidential elections and the parliamentary elections. Two vectors were taken into account in the research. First, there is the relationship to the economy, from extremely liberal to centralized. Then, there is the second, which demonstrates the relationship to basic values, like democracy, the way the country is governed, and the role of the church. Meanwhile, despite the attitudes and views presented, the right and far right won in the elections. Social behavior therefore showed itself to be different from the attitudes that had been declared.

[Semprich] What was the change in attitudes you mentioned based on, concretely?

[Nieciunski] More strongly than a year ago, people are expecting the government to strive harder for social justice. They agree that we are building a capitalist country, but at the same time they expect to be assured conditions of social security, so that in a threatening situation nobody will wind up without the care of the state, without its assistance. People talk about state intervention in the economy, about giving everyone the same opportunities, conditions, and possibilities for development, and about social assistance to those who lose out in the struggle for existence and are not in a

position to provide for themselves. People think about such a state, but they have not decided to go to the voting booth and actively support their vision.

[Semprich] The social attitudes research conducted recently, for example, at the suggestion of American scientific circles and cited at the recent meeting of labor ministers from Poland, Czechoslovakia, and Hungary gave surprising results in one respect. The Poles were the least interested in politics. This fact, along with the low turnout during the last elections, would explain the disparity you are talking about.

[Nieciunski] You have to count on the fact that in any society, even the most active, up to 20 percent of the citizenry will not participate in elections. A turnout on the order of 80 percent, therefore, corresponds to indices for what we could call "participatory" societies. Counting in this way, half of the citizenry in our country did not vote. This shows the society to be extremely passive. Meanwhile, democracy is based exactly on participation. If the society does not take part in common social life, does not organize, and does not join into common interest groups, from canary breeders to political parties, if it does not form self-government groups of the most varied types, vocationally and locally oriented, then it is not a democratic society. What sort of a democracy is it, if it is reduced to a right to vote which no one exercises?

Solidarity and Lech Walesa were counting back after the roundtable meetings and the June elections that if the authoritarian regime, in which the state and the party had grown together and tried to control all life in society, were overturned, then society would become active. They told people: "Take matters into your own hands." It turned out that the society is not at all interested in doing so.

[Semprich] That is probably easy to understand and explain in view of the habits developed over the past few decades.

[Nieciunski] That's true. A tremendous part of society, even former Solidarity members, today have the attitude of "them," that is, the active opposition, and they have gone so far as to say: Poland is free, so let "them" get on with governing and administering. But now "we" are consenting to the new system, just as we consented to real socialism before. After that real socialism was based on adapting to the majority of society. It would be a mistake to think that people then voted only because they were forced to or out of fear. This was an expression of the conflict between passive attitudes alongside internal aversion or even inimical inclination and external behaviors. Similarly now too this conflict is expressed in common attitudes: Let them build the country for us; let them govern, just so they do it well. The most difficult problem in all of our life as a society can therefore be reduced to seeking the answer to the question: What can be done to break down these attitudes?

[Semprich] Today you can hear people talk sort of as a joke about Moses, who wandered about in the desert to lead the nation to the promised land. The reason it took so long and that he took such a roundabout route was so the slave generation would die off. Similarly, there is a clear lack of faith in the possibility of changing those people who have been brought up under real socialism. Maybe it will work with the next ones, developed under different conditions, but the question nonetheless arises as to how far this permission you were talking about goes.

[Nieciunski] The society has agreed to great sacrifice. In these two years not only have we obtained a free market and slowed inflation, but families have also become poor, the standard of living has dropped, and real income has fallen. At the same time, differences in wealth have become clearer and greater. The poor are becoming poorer, and the rich are becoming richer. Meanwhile, people have a way of measuring what sort of differences in wealth are permissible and just. Social justice, after all, cannot be reduced to everyone's having the same amount of everything. The thing is to give each person an equal opportunity, to protect against an excessive or totally unjustified increase in social differences. People even agree to great differences in wealth, provided that they are justified. They have a sense of what the limit is, and now in the overwhelming majority of cases, this limit has been greatly exceeded. This brings about frustration and antipathy. It is the basis for reactions like: "take," "don't allow," and assessments that are often unjust, "the new injustice," "new exploiters, schemers, and swindlers."

[Semprich] When we are talking about Poland today, it is difficult to forget the terrible fear that our society is going through, the fear of poverty, chaos, and anarchy. It is hard to overestimate the significance of this fact. How might this impact the future shape of Poland?

[Nieciunski] The social fears you are talking about lead to making people open to populism, as well as to being willing to accept authoritarian rule. The KPN [Confederation for an Independent Poland] resorted to populist slogans and won on them, but attitudes and behaviors also arise like: "I have to get myself out of all this on my own," "Law and order is necessary in all areas." It is generally thought that such trends are rightist, but the left also tries to attract working people, so that they can pull themselves out of poverty. Our greatest misfortune is the fact that the economy of an authoritarian government has led us to the economic catastrophe that has now appeared. And, despite what some people think, it is not the present governments that are to blame for everything. They took over the country when it was on the verge of collapse. People have to know this. The worst thing for us is neither material collapse, economic collapse, nor the fact that we have unproductive assets. The thing we have most to be afraid of is the moral losses that the society has suffered during this period, because we were missing two elements that every country needs as pillars to support it, if it wants to develop and move

forward: industriousness and creativity. At most, what has developed has been individual ability based on making some money, taking something from someone else, or grabbing something from another person, instead of industriousness, from which productivity is born.

[Semprich] Polish fears are also concerns related to our country's external conditions. You wrote in your book that we also have to count on the possibility that Russia will try to maintain its "historical" spheres of influence in Central Europe, with silent approval from the West. Have you changed your opinion on this subject, now that the Soviet Union has disintegrated and Poland has signed an agreement for affiliation with the EEC?

[Nieciunski] Well, we are really living through a period of great joy now over the signing of the agreement on affiliation with the EEC. Some people even think that in five years we will be EEC members. This is one more delusion and proof of how much Poles like to delude themselves. Meanwhile, I do not think that we will reach prosperity through the EEC. I think that, as Prof. Zbigniew Sadowski said, through prosperity we will be able to get into the EEC. This is the most graphic and correct formulation of the sequence of facts that one can imagine. The first condition to EEC membership is the existence of a democratic state, but I, for example, doubt that the EEC's leaders are happy about the resolution the Extraordinary Physicians' Congress passed prohibiting abortion. I am not sure we can explain to them that this is not a limitation on freedom and civil rights. Given our rightist tendencies and clericalism and given the ever more widely enjoyed conviction that the church should not be limited merely to religious functions and that the state must be subordinated to the church's moral standards and principles—and if someone holds other views, after all, it is the law, including penal law, to force one to it—then I doubt overall whether given these very trends, the West will joyously open its gates to us. Conditions of an economic nature are proving even more difficult to overcome. The first concerns the rate of economic development. In order to become a member of the EEC, we must at least double our national product, and this task cannot be accomplished before the year 2000. The second condition concerns bringing our entire economic infrastructure, that is, banking, statistics, communications, and information flowing up to the level there. This is not a task that can be accomplished in the immediate future either.

And Russia? Russia will still be Russia, that is, an enormous country with inexhaustible possibilities. Although it has been destroyed morally and economically, it will still develop. It is and will be a power we are going to have to live with in friendship. Of course, we can also be a bridge between East and West, but only if we pull ourselves up, if we are a politically stable and economically strong country. The only question is whether we can do it.

[Semprich] In your book you also talk about the need for a compromise between capital and labor. Professor

Andrzej Stelmachowski, a man who would seem to have political views different from yours, makes very favorable references along these lines in the introduction to this book. Meanwhile, the reality would seem to be resistant to appeals from both of you. Probably as a reaction to the previous planned economy, the trend of trying to restore liberal capitalism is becoming stronger and stronger.

[Nieciunski] We have to remember one thing: Capitalism alone, in its attempt to maximize profits and multiply capital, could never become the basis for a West European type country. It would not lead to a creativity level as that observed in that sort of society or lead to the same standard of living. For all this to become a fact, those countries would need strong leftist parties. If we also want to come closer to Europe, we must build a nation based on a compromise between capital and labor, support those forces which correspond to a capitalist country, but one which is also modern and moderate. The faster the left is reborn, the faster we can reach a consensus. I call this sort of grouping "euroleftist." They do not even have to be in power. It is simply that the country should develop under their influence, along with its political, social, and economic programs. There must be mutual influence and mutual monitoring throughout the whole range of political groups. If Christian social movements are to have the support of social democrats, the most extreme leftists, then the balance of power will remain and compromise between work and capital will exist in fact. In the reverse situation, the country will shift to the right, and it is true there will be lovely slogans and a great deal will be said about morality, but the European Community would probably not have a place for such a country.

Literary Magazine BRULION Profiled

92EP0186A Poznan WPROST in Polish No 2,
12 Jan 92 pp 66-67

[Article by Wieslaw Kot: "An Afternoon Newspaper for Intellectuals"]

[Text] In the opinion of the cultural community, which on occasion also turns out to be a cultured community, last year also belonged to BRULION, a quarterly of the young writers of Krakow. The fact that it is edited and filled with texts, with spectacular success, by young people who until recently were absolutely unknown suggests several observations that are important for all who write about culture or read what has been written about it, or some 476 people in Poland.

First of all, an acute competition between prominent names and prominent topics came to the fore in BRULION. Everything that remains of the cultural press, that is, all of those departments, rubrics, and columns, are on their last legs in search of a topic. A tactic which was based on the notebook of the editor in chief has broken down. The editor had a list of telephone numbers, and he called them in sequence: Could you

offer us something? Sooner or later, somebody "could." Pages were filled with various "scraps from the workshop," tests, and sketches signed by "prominent names." For about two years now, the public has been desensitized to names. Even if yet another installment from the Vilnius memoirs of Milosz is published next to the latest epistle by Herbert and a series of Baranczak's quibbles, this set not only fails to ensure the success of a publication but, on the contrary, gives rise to mistrust as a suspiciously polished and obvious product.

The problem has to do with the fact that all authorities recognized in our country at this moment had to survive trial by martyrdom or the stage of fighting the old system. Unfortunately, as a result the authorities themselves still identify everything with the commies; worse yet, in common consciousness, the authorities are identified with the commies themselves. Therefore, the authorities either keep denouncing, revealing secret acts and protocols, or have already understood a thing or two, and started commenting on the decline in their prestige. It has even come to a bidding of sorts as to who from among the so-called community will denounce old, socialist "facade" cultural institutions in a more radical manner, and who will disassociate himself most dramatically from scholarships and cultural centers which, as all of us know, were based solely on actions for show and solemn sessions to honor this one or that one. Writers who have made themselves names are trying to outdo each other in singing the praises of free market arrangements which will mow down their mediocre competitors while ensuring them a place next to Forsyth and Ludlum, which they have fought for hard but fairly. Subsequently, they dust off the next to last story about a student who operated a secret printing press in community gardens in 1983, while his girlfriend cheated on him with a militiaman in the neighboring summer house. An editor receives the story with elation; thereupon, without reading the story, he places it at the very bottom of his reserve file.

BRULION has also ostentatiously distanced itself from inept Polish literature specialists who use a manner of writing essays based on leeching off a great name. If somebody writes a sketch about Gombrowicz, the very lofty object of his interest makes it unnecessary for him to come up with new interpretations. It would suffice if yet another cocktail of contributions already regurgitated by other researchers, emerges. The number of printed pages thus increases with the pool of new, fresh interpretations remaining the same.

Allergy to symbols, especially the ones in which we communicated in the 1980's, is yet another symptom of the independence of the entity of which BRULION is a mouthpiece. Quotes from poetry written at the time, refrains of songs, sayings extracted from party newspeak, as well as certain names or peculiar carryings on in great style, should explain something about this new world to the generation of today's 30 year-olds. Meanwhile, it turns out after two years of freedom that, apart from memories from their younger years, those now around

30 have inherited kitsch, junk, and rubbish from the 1980's. Solidarity is no longer displaying solidarity; the church is not necessarily religious; we do not always feel free in a free state. Under the circumstances, all of the mythological episodes, as if from newsreels, which all of us were so worked up over recently, appear ridiculous, banal, and good for nothing at present. Reminiscences by the veterans of fighting the commies sound at present as stories told by an oldster who fought with the guerrillas. Everything suddenly ceased being obvious to young people. It is no wonder that, being disoriented, they are looking around and trying to discover some truths of their own. If BRULION publishes texts by Himmler about the need to wipe out Christianity or by Celine about Jews, this does not signify insolence or aggression. The objective is rather to make sure what anti-Semitism or Hitlerism are, and to what degree the assurances that at least the elite in our country are free of both can be trusted. Publications such as BRULION avoid multiplying polemical campaigns of the kind dealing with graphomania. This had charm and significance to it when Baranczak criticized books by Gornicki in the 1970's. However, it did not make sense 10 years later, when Jan Marx brutalized small editions of verses by poets from Lublin or Klodzko. BRULION avoids criticizing the National Democrats or the commies, not only because it is too easy but also because both are simply irrelevant as far as establishing the identity of the coming generation is concerned.

Polishing the text is yet another challenge to which BRULION appears to have already risen, and which will apply to the entire press, not only that for writers.

The editor states not only substantive requirements for authors, but would also like the piece to be "in final form," as is the new custom. This is when the art of putting it into lucid words, which is held in general contempt, begins to matter. Actual contracts call for, for example, a tight three-page text, clearly divided into paragraphs, with the provision that the main thesis of the article appears in the first paragraph and is later explained gradually. Of course, it ends in an argument between the editor who has a certain idea of the particulars of a text which someone should read, and therefore, spend to this end his money on the text and the company that stands behind it, and the author who is attached to the notion of the weight of his words. After the experience of the 1980's, the authors of literary magazines equate any interference with their texts with censorship and a violation of the freedom of speech, or in less dramatic cases, with the insinuation that they "cannot speak Polish." Meanwhile, from the editor's point of view, most of the texts he reads are—nomen omen—rough copies, barely the sketches of articles which need to be worked on a lot in order to make them readable. Bargaining begins, in the course of which each of the sides underlines its own importance, but is not stubborn. As a result, the text is published with changes whereas the author starts a rumor in the community that the editorial office is staffed with dimwits, for whom everything needs to be explained as for "a two-year-old."

However, the results are such that the still waters of so-called cultural publications begin to flow at a livelier pace. Instead of the global theory of everything, a cult of bards, and settling the score with the commies, simple ideas come along. Even the quarterly acquires the temperament of an afternoon newspaper for intellectuals which, fortunately, is irreversible.

In an interview given to GAZETA WYBORCZA, the editors of BRULION called themselves "spokesmen for the young Turks" which apparently was supposed to mean that what kids spray paint on the walls is more important to them than authors being honored yet again for the book of the month. This may be a limited program, but they must make a beginning somewhere. They must make a beginning—period.

Agriculture Minister on Goals, Intended Policy

92EP0190A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 13 Jan 92 p 1

[Interview with Gabriel Janowski, minister of agriculture and the food industry, by Edmund Szot; place and date not given: "I Have Not Changed My Views"]

[Text] [Szot] As a leader of Rural Solidarity, you came out in favor of introducing minimal guaranteed prices, cheaper credit for farmers, and the defense of domestic agricultural production by means of high customs duties. How do you view these demands at present?

[Janowski] I ranked these, as you put it, demands of mine, differently. The triad you have mentioned was precisely one of the demands, whereas the other involved changes in the environment for agriculture. Meeting the first demand would ensure stabilization in the agricultural market and its effectiveness, but without changes in the environment of agriculture. Without genuine cooperatives and the participation by farmers in proceeds from the privatized service sphere of agriculture, the first element would not be able to operate properly, and the other way around, which is to say that these matters should not be treated separately.

[Szot] Therefore, let us not treat them separately. However, you must be aware that meeting these demands will be costly!

[Janowski] Our society must also be aware of the fact that if it neglects the development of agriculture, other envisaged goals will not be achieved either. Of course, the issue of the scope of such regulations, that of timing, and so on remain. For example, the development of processing is urgently needed at present. We must make a very rapid transition from a raw material economy to a processing economy, such as exists in the EEC to whose markets we will be open within three years without any restrictions. If we do not use this three-year period properly we will cause the demise of our agricultural market.

[Szot] Do you consider conditions for Polish agriculture negotiated for the treaty of association with the EEC to be adequate, or do they, in your opinion, warrant renegotiation?

[Janowski] Actually, I am going to talk about it to Minister Olechowski in 15 minutes. I will try to convince him that participation by the representatives of agriculture in these negotiations was inadequate, as well as participation in the talks referred to as the Uruguay Round. Only one expert on agricultural issues took part in them; however, agriculture did not have a political representation of its own.

[Szot] Minister, Poland ranks seventh in Europe in terms of the number of population, whereas it ranks fourth in milk output, seventh in meat output, sixth in sugar output, eighth in egg output, and second in potato output. Its overall ranking in the production of foodstuffs is superior to its demographic ranking. In all of this, it is said that our farm exports are insufficient, unlike imports which, they say, are killing our agriculture. At the same time, children come to schools without eating breakfast in some parts of the country. To your mind, who eats all of this?

[Janowski] Our farm exports are not at all that small. Last year, their value came to about \$1.5 billion. We are a net exporter of foodstuffs. Of course, on a per capita basis, our exports are considerably lower than in other countries. Therefore, we have considerable untapped potential in this sphere.

[Szot] However, agricultural exports need to be subsidized....

[Janowski] This amounts to raising the issue in an unfair manner. Given that we can provide work for the people at a lower cost through such exports, and that we guarantee them an income, a complete accounting for everything would probably show that it actually pays to subsidize farm exports, in return for calm in the labor market and for increasing the participation of our society in the labor force. Let us be mindful, in the process, of the fact that agriculture ensures work not just for farmers but also for people providing services to agriculture, from trade and processing to science, that overall, it is a large agricultural business which is only emerging in Poland anyway.

[Szot] During your first press conference, you said that you will endeavor to reduce the share of food outlays in the structure of spending by the population. How do you intend achieve this?

[Janowski] I merely indicated that the share of spending for food is unnaturally high in our country. This shows that it cannot go any higher, and that this is how the affluence of a society is measured. The less a society spends for food the more it can allocate to buy cars, to engage in recreation, and so on. However, this can only

be accomplished through an improvement in labor productivity in the entire economy, including agriculture. I would like to assume responsibility precisely for what pertains to agriculture.

[Szot] Minister, between 1960 and 1982, labor productivity in Polish agriculture increased by only 14.4 percent whereas during the same period of time, it grew by more than 300 percent in the FRG, France, Greece, Austria, and even Yugoslavia....

[Janowski] This happened because the natural trend toward the concentration of land was impeded in Poland by means of legal barriers thrown up by Mr. Gomulka, who established that, to avoid progressive taxation, one could have only 15 hectares, and 22 hectares in the Western territories. Very atrocious agricultural services were another reason. The later endeavors of Gierek, who wanted to modernize our food processing industry, turned out to be inadequate.

[Szot] I understand that the concentration of land will proceed now that these barriers have been eliminated. However, where will the people, who will get rid of their farms, go?

[Janowski] They will abandon farming, but they will not have to abandon rural areas. After all, we have been talking for years about the multi-functional development of the rural areas. My concept is that the future of Poland and the future of its economy depends on the development of small towns and villages. The costs of investing there are considerably lower because, to put it graphically, it is cheaper to put in a water line to a single-family house than to pump it to the 10th floor. Therefore, I expect nonurban structures to develop.

[Szot] So far, these hopes of yours have not exactly come true. I do not see broad scale investment in Polish provinces.

[Janowski] There are many reasons why you do not see it. First, there has been no clear cut development concept for rural areas. This is why we are now working on preparing such a concept and why we want to use our own, very modest budget funds to implement it. However, first of all we would like to use foreign assistance to this end. We are currently conducting negotiations with the World Bank, and we see goodwill toward our concept. We particularly want to invigorate small towns which developed so well in the Middle Ages and declined badly after the Swedish invasion. When the cities decayed, farming immediately "went bust" as well. Personally, I see great opportunities for our small towns at present.

[Szot] You referred to the need to develop food processing. Which of the branches of the food industry would you select for accelerated development?

[Janowski] The ones which have a large raw material base in Poland, for example, the potato processing industry. I would also seek to develop the dairy industry

on account of social considerations. We also want to keep developing the vegetable and fruit processing industry, to which end it is necessary to create a system of exchanges and markets.

[Szot] What do you expect the performance of agriculture to be this year? Will this performance be, in a sense, helpful to you from the point of carrying out your plans?

[Janowski] There already is a certain weather anomaly which may, but does not necessarily, affect the performance of agriculture unfavorably. If a cold and rainy summer is added, the performance of agriculture may be such that it will further complicate the economic situation of the country. In general, I foresee a drop in output because the machine has already been set in motion; the decline in the consumption of fertility agents has accumulated for three years now. The use of potassium and phosphoric fertilizer has now been reduced to a minimum, and the use of nitrogenous fertilizer has been reduced considerably. Agricultural technology has deteriorated due to an increase in the cost of fuel. The recession has also affected agriculture. The output of milk has declined disastrously. The results are obvious: Dairy products are becoming more expensive; on occasion, there is a shortage of them.

The crisis of agriculture always affects cities; also, it does not spare any authority. Dairy plants are fighting over raw materials whereas, for example, much more powdered milk could be exported at present had the events in the Mlawa area not been interpreted as "a rebellion by ignorant peasants." At the time, I visited Prime Minister Mazowiecki together with a delegation of these farmers. They were 30 years old, and had 30 hectares and 30 cows each... I hope that our society will now take a more attentive look at the needs of agriculture. My assumption is that this year will be the one when downward trends in agricultural production are arrested, whereas next year will see the beginning of its resumed development.

Problems Facing Environment, Economy Discussed

92EP0190B Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 21 Jan 92 pp I, III

[Interview with Professor Stefan Kozlowski, minister of environmental protection, natural resources, and forestry, by Krystyna Forowicz; place and date not given: "I Will Eliminate the Purveyors of Poison"]

[Text] [Forowicz] You have always advocated the ideas of ecologically responsible development in your books and in the forum of the Sejm. Will we overcome an economic recession now if we are enamored of ecology?

[Kozlowski] There is no other way. Many countries will officially adopt the concept of ecologically responsible development at an international conference which will be held in June in Rio de Janeiro. This will be a meeting which will overcome certain skepticism as to the fact that there is no way out for the world other than to proceed

toward ecologically responsible development, or balanced and stable development which reconciles economic objectives and environmental protection.

Therefore, Poland is in a way anticipating what will be adopted in Rio anyway. Our situation is good in that we have a state ecological policy in which the option of ecological development is set forth very clearly. We are abandoning the raw material and energy strategy which we have followed for 45 years. The fact that we are going through an economic recession may only help us in this instance. Certain sectors in our economy should be closed down or profoundly restructured in order to embark on a new path which will not bring about such destruction as has been the case to date. Losses caused by disturbing the natural environment amount to 10 percent of the national income, and some even say 20 percent.

[Forowicz] I will recall recent troubles with the Sendzimir Iron and Steel Plant. Do you still maintain that industrial enterprises which put the most stress on the environment should be closed down? Are you not afraid of the people protesting?

[Kozlowski] We must be ruthless, especially in cases in which considerable environmental pollution occurs due to which the people and nature suffer losses. We cannot sustain, at any price, enterprises which have the worst financial standing, which are unprofitable, and which spread poison.

This is why the Walbrzych experiment, which calls for closing down several coal mines, is incredibly important to us. We want to demonstrate how large enterprises may be closed, and how new jobs and better conditions for life and development may be provided for the people. On the other hand, we want to have a flexible approach to the operation of enterprises. Let me recall that our first decision pertained to authorizing the imports of certain types of scrap paper in order to facilitate the production of paper by our enterprises. We will amend regulations which are not viable. I believe that scrap paper should be regarded as a secondary raw material rather than as waste. There is an unclear, obscure distinction between wastes and raw materials in our legislation. We need certain raw materials; they may be processed in our country and contribute to our economy.

[Forowicz] We still do not have a clearly outlined energy policy. No agency promoting respect for energy has been formed. What is your view of your future cooperation with the Ministry of Industry?

[Kozlowski] To date, my first contact with this ministry was through Deputy Minister Malgorzata Niepokulczycka, with whom we have come to a number of promising agreements, as it seems to me. They pertain to the protection of consumers against harmful products or those unsound from the ecological point of view. Our consumers have no information about which domestic and imported products are safe and healthy. We established that proper institutions of the Ministry of Industry would get involved

in certifying and possibly promoting products which end up on our market. We also went to take a look at customs tariffs and try to provide incentives through customs duties, supporting the imports of products which are not harmful while increasing customs duties for the imports of ecologically disadvantageous products. Our actions are also entailed by the need to solve, among others, the issue of lead free gasoline. It should be considerably cheaper than leaded gasoline. We intend to approach Minister Lipko concerning an agency promoting respect for energy, so that it will be able to begin operations soon, though to a small extent. We have been unsuccessful at this in the last two years.

[Forowicz] During a hearing in the Sejm, you referred to the need to start a dialogue between the authorities and society. This is not going to be easy, for example, in the case of the construction of the highly controversial dam in Czorsztyn, or the decision to close down mines in Walbrzych Voivodship.

[Kozlowski] I think that the people will not protest in Walbrzych Voivodship. As far as Czorsztyn is concerned, I would like to invite public organizations which seek the suspension of this construction project, along with construction personnel, so that we may take a look together at the very process of investment and the breakdown of outlays: Have we maintained proper proportions between outlays on the construction of the water treatment facility and the body of the dam? It will be possible to make decisions once the department receives financing, and once we ultimately know the amount at our disposal after the adoption of the provisional budget. Certainly, some changes in the financing of the investment project will be necessary.

For now, Czorsztyn is entered as one of the four centralized investment projects of the state. If Czorsztyn is left on this list, we will consider how these funds are to be used best, in keeping with the will of local inhabitants and local public organizations. We are open to their suggestions. A dialogue with society is necessary but it should be accompanied by extensive ecological education.

[Forowicz] Which problems do you consider most pressing?

[Kozlowski] Putting the issues of water management in order. The fact that we do not have water management legislation, and that we have failed to organize self-financing water management regions makes it difficult for us to put in order this entire sector, and places an incredible investment burden on the budget. We have already introduced this self-financing system in geology and mining with regard to concessions. The concession arrangement is beginning to generate funds for the budgets of the state and gminas which are interested in these areas. We would like to use a similar self-financing arrangement in water management. Private companies should build sewage treatment plants and facilities for

the utilization of wastes. Only in this case will many ecological problems cease to "burden" the state budget.

[Forowicz] In most countries, the monitoring of radiation safety is in the purview of the Ministry of Environmental Protection. Could it be the same in our country?

[Kozlowski] We have learned little from Chernobyl. At present, Poland does not have an information and warning system for the purposes of ecological safety. We still do not have a center which could, in the event of a nuclear catastrophe, which we should reckon with, provide management and consultation. There are many dangerous nuclear power plants in the East, including those of a graphite type. At this point, as many as five establishments in Poland take care of nuclear safety. Since there are so many of them, it is not actually known who is responsible. We propose that this arrangement be changed, and that the efforts of the Ministry of Defense, the Ministry of Health, and the National Atomic Energy Agency be pooled in order to set up a single center which would be subordinated to our ministry and would be responsible in the case of emergency-type threats to the environment.

Chemical threats are mounting fast. We are not prepared for them, either. After creating the "ecological police," the State Environmental Protection Inspectorate, we would like to prepare a law on emergency-type threats to the environment and try to solve this problem at the state level.

[Forowicz] Ecologists believe that land use management should also be made a responsibility of the Ministry of Environmental Protection.

[Kozlowski] At present, discussions are underway concerning the future model of the Ministry of Construction and Land Use Management. A draft law on land use management, which is markedly antiecological, has been prepared by this ministry. It views the territory of Poland solely from the standpoint of housing construction and small rural territories which account for merely three percent of the territory of the country. We suggest that this scope of issues be associated with our ministry as closely as possible.

[Forowicz] The American Environmental Protection Agency analyzed the operation of our ministry, and was horrified by its official dominated image. What changes in the ministry do you foresee?

[Kozlowski] I would not use the word "horrified" because the EPA stated remarks concerning the Ministry of Environmental Protection in an extremely polite manner. The EPA criticized the decisions of my predecessors concerning the dismissal of the main data processing specialist from our ministry. Undoubtedly, this was a bad decision because we do not have a prepared, target oriented system for computerizing our organization and establishing a data bank for, among other things, monitoring. The EPA views self-education and the improvement of employee skills as very important.

Therefore, it believes that we demand this of our officials to an insufficient degree, especially with regard to perfecting the knowledge of foreign languages and work skills. In the opinion of American officials, we lay particularly little emphasis on a modern system for work organization.

Banking Industry Recapped, Newest Banks Examined

92EP0197C Warsaw RZECZPOSPOLITA
(ECONOMY AND LAW supplement) in Polish
20 Jan 92 p 1

[Article by P.J.: "The Newest Banks in the System"]

[Text] There are now 90 banks in Poland either already operating or in the course of organization (bank licenses have been issued). They include the National Bank of Poland (NBP) (still engaged in commercial operations); the General Savings Bank—State Bank; the Food Industry Bank (BGZ)—State-Cooperative Bank; and three branches of foreign banks. The remaining banks are stock companies, of which seven have more than a 60-percent share of foreign capital. In addition, over 1,600 cooperative banks are part of the Polish banking system. No licenses have been issued to date this year.

The last license was granted on 29 November 1991 to Hortex SA Horticultural Bank in Warsaw. Its stock capital amounts to 21,024 million zlotys [Z]. Among the stockholders are 43 legal entities (mainly horticultural-apiculture cooperatives) and 78 individuals. The largest stockholders are the Central Horticultural-Apiculture Cooperative in Liquidation, Z10.5 billion; Mostostal Export SA, Z7.5 billion; and Warta SA, Z2 billion.

A month earlier, 22 October 1991, the Swietokrzyski Bank SA in Kielce and the Animex Export Promotion Bank in Warsaw received licenses. Swietokrzyski Bank has stock capital amounting to Z23,709.6 million. Its stockholders are 28 legal entities and four individuals. The largest blocks of stock are held by the Voivodship Thermal Energy Enterprise, 1,000 shares (valued at Z1.2 million each); the City Treatment Enterprise in Kielce, 400 shares; Swietokrzyska Housing Cooperative, 200 shares; the city of Kielce gmina, 400 shares; Municipal Road Work Enterprise, 100 shares; and the voivode in the name of the State Treasury, 16,758 shares.

The stock capital of the Animex Export Promotion Bank amounts to Z26,600 million. Its founders include 35 individuals and 18 legal entities. The largest blocks of shares are held by Animex Co., Z13 billion, and the District Meat Industry Enterprise in Katowice, Z6 billion. The president of the bank is Eugeniusz A. Jablonski.

The last foreign bank to receive a license was the International Bank in Poland SA (we have already written about it). Immediately prior, on 17 September 1991, a license was issued to the French bank Societe General for a branch in Poland. The branch's capital

amounts to \$6 million. The president of the founding committee is Gilles Schmidt.

Directors View Enterprise Investment Chances

92EP0197B Warsaw *RZECZPOSPOLITA (ECONOMY AND LAW supplement)* in Polish 14 Jan 92 p IV

[Article by Zbigniew Zwierzchowski: "Only the Indispensable Investments"]

[Text] The ability to invest in buildings, technologies, and, new products is the sign of a healthy or sick economy. We asked the directors of a few enterprises whether they are investing, and if so, in what. Just as every poll, this one too does not allow for far-reaching generalizations, but it does give a picture of what industry can do today.

Here is what the heads of enterprises said:

Technokabel Cable Industry Technical-Production Enterprise in Warsaw, Marian Germata: Last year we invested 2 billion zlotys [Z] in production machines for export services. We manufacture cable for electronics and will be producing automated and computerized equipment. We are a rather small firm employing 150 people, but we should invest more. But 96 percent of our profit goes for taxes. Last year the sales of our products and services totaled Z34 billion, of which 34 percent was exported to Germany, Denmark, and Holland. Profitability dropped 30 percent, but despite this we are still alive. Our salvation was precisely this export and in part, small domestic buyers. Although at one time they constituted five percent, they now make up 50 percent of all Polish buyers. And with them in mind—the small plants and craftsmen, we have started up a new production, including cables for cable television and alarm systems, and multistrand cables for automation needs.

Polifarb Wroclaw SA, board chairman Edward Platek: Would you believe that we are investing—he said, believing perhaps that we expected a different answer. Polifarb allocated Z21 billion for investment last year. A large part of the money went for expenditures connected with ecology, for an industrial wastes yard. We designated what was left for modernization of one of the departments, with the idea that the production of water-soluble lacquers would be expanded; for equipment for the intraplant transport of raw materials; for production of new products, including polyurethane for wood; and for the purchase of computer equipment. The plant, employing 100 people, recorded sales amounting to Z530 billion, sold mainly to the domestic market. Gross profits amounted to Z100 billion, but taxes absorbed 40 percent of the profit, and the above the norm wage tax amounted to almost as much as expenditures for investment. Asked whether he would invest this year, the chairman replied that the enterprise is now in the final stage of privatization and also has an investment program. What kind? He did not want to talk about it right now. However, he added that if the economy becomes

stable, if nothing unexpected happens, then the company's plans, which go as far as 1995 and also apply to investments, will be realistic. After all, we made them for ourselves, he said.

Energomontaz Polnoc Power Plant Erection and Industrial Equipment Enterprise in Warsaw, Kazimierz Zukowski: We are not investing at all. We do not have the money or the need. The firm, which now employs 4,300 people in Poland and over 900 abroad, decided on large investments at the time that an atomic power plant was being built in Poland. After this construction was halted, a production capacity remained which is difficult to utilize when orders have dropped overall. Therefore, our problem now is finding orders. Obviously this is very difficult because no large facilities are being built and all that remains is the repair of existing ones. And for this the means that we have are completely sufficient. The economy has to move, then the time for investment will come.

Tomtex Wool Industry Plants in Tomaszow Mazowiecki, Wieslaw Mokrowiecki: Had we invested we would have bankrupted a long time ago. Therefore, we are not investing. We decided only to add to our stock of machines in a small way in order to improve technology, but we cannot allocate more than Z200 million for this. One of the Italian consulting firms advised us to adapt our technology to world level by replacing some of our machines. In the first place, this would cost \$6.5 million, which we do not have, and in the second place, it would not solve the question of our competitiveness, because our partners would also have to modernize their equipment in the spinning mills.

The purchasers of our products are primarily Polish firms. Last year we exported 25 percent of our production to the USSR, Finland, and Denmark. We economized on power and materials and we reduced employment by 320 (we now employ 1,090 people). We leased vacant facilities partly to traders and partly to producers of metal products, which covered the costs of maintaining these facilities but did not make it possible for us to close out the year with a profit. The small demand for textiles is what kills us. Last year part of the first quarter and the period from September to the middle of December was best for us. During the latter period our machines producing petersham [thick woolen cloth for coats] were 100 percent utilized, but during the rest of the year there were times when only 10 percent of our production capacity was being utilized. The high interest on credit, delays in making payments, and on the other hand, payment hold-ups, make it extremely difficult for us. Due to the exchange rate of the dollar, export last year was practically unprofitable. If we add to this the fact—and this happens frequently, that we are offered low, actually ridiculous prices, particularly for products for export, you can see why we do not invest. Nor can we be guided only by the economy and fire people without end. In our region this would simply be a tragedy, and furthermore, employment reductions are also costly. Our

work force, as a rule, has many years of service, and costs of severance pay run very high, as we learned last year.

Polish Marine Shipping Satisfied With Status Quo

92EP0185D Warsaw RYNKI ZAGRANICZNE
in Polish No 6, 14 Jan 92 p 7

[Article by Stefan Sokulski: "A Modern Fleet Is a Guarantee of Profits"]

[Text] We might say that the PZM [Polish Marine Shipping] is doing well, except that its future has not been ultimately determined yet. Fortunately, stressed PZM Director Franciszek Makarewicz, we are a state enterprise. Despite knowing that this is in vogue now, we would not like to be forced to transform ourselves into a company.

The PZM wants to take its own path. First, it intends to streamline management, which will make it possible to operate effectively in the international market. Director Makarewicz would not reveal specific plans and avenues for action, but he said that he has a way to avoid payments of the tax on above-the-plan growth of remunerations, and to pay high wages and retirement benefits. We do not want to pay penalties for good work in the form of the tax on above-the-plan growth of remunerations, which goes into billions (about 75 billion zlotys [Z] in 1991), said Franciszek Makarewicz.

The current assets of the shipping line from Szczecin consist of 117 vessels with a capacity of 2,935,000 DWT [deadweight tons], out of which 26 units are being leased. In 1991, nine vessels were sold or scrapped. In turn, four modern bulk carriers were commissioned. The PZM fleet was also augmented by the Kopalnia Ziemowit, the last of the series of four 118,000 DWT vessels built by the Szczecin Shipyard.

Recently, the Szczecin Shipyard has been the only domestic supplier of ships for the PZM. On 6 September 1989, a contract was signed with this shipyard to build 14 bulk carriers with a capacity of 13,400 DWT. As agreed, the Vistula is to be commissioned in February 1992, the Odra in July, the Warta in November, and the Nida in December. The rest of the vessels will join the fleet of the shipping line from Szczecin between 1994 and 1998.

Several contracts with foreign shipyards have also been signed. Three bulk carriers of 26,300 DWT each will be built at the Pendik Shipyard in Istanbul. This year, the Ziemia Lodzka and the Ziemia Cieszyńska will sail in from Turkey. In total, the PZM will receive six vessels from the Bumeister and Wain Shipyard in Copenhagen; the last ship from this series, the Polska Walczaca, will be put in operation in March of this year.

Not only the growing tonnage of freight carried, but also financial proceeds from charters give cause for satisfaction. Profits generated in the international market

account for more than 80 percent of the proceeds, which indicates how tenuous the bond is between the PZM, and Polish foreign trade and the entire Polish economy. Therefore, the shipping line from Szczecin is a typical exporting enterprise which is sustained by loans from Polish banks only to a minimal degree.

About 40 percent of proceeds are generated in cooperation with the so-called Grain Houses, which are headquartered in Geneva and Hamburg. However, an adequate modern fleet is necessary in order to be able to develop such advantageous cooperation.

Being mindful of this, the PZM intends to maintain investment in the coming years at a rate approximating that in the past, allocating about \$50 million annually for the replacement of the fleet alone. This is necessary because, basically, vessels which are 15 or more years old are no longer adequate; in addition, soon they will no longer be able to enter many ports.

The construction of the Fleet Management Center in Szczecin is the greatest investment project on land. In December 1990, the charter of foundation was placed at the hotel, office, and commercial complex to be built by the PZM and the Ilbau company from Vienna. The facility will be handed over to consumers as early as the end of 1992 and the beginning of 1993. The administrative building will be a 22-story high-rise, whereas hotel rooms will be located in a 10-story building. There will be underground garages for 500 cars.

The results of an anonymous "employee" survey regarding the future of the enterprise appear to be interesting. It turns out that PZM employees see the outflow of personnel as the greatest danger, whereas the lack of a maritime policy of the state is a lesser worry. Based on this, it is possible to conclude that the work force of the PZM counts on itself more than it does on help from the state. A majority of the participants in the anonymous referendum are aware of the need for changes in management and the transformation of the enterprise into a holding company, and later into a joint stock company, with the provision that the sale of shares should be restricted. Everybody came out in favor of giving the helm of the company to professionals.

New Clients for Andoria's Diesel Engines

92EP0185B Warsaw RYNKI ZAGRANICZNE in Polish
No 7, 16 Jan 92 p 2

[Article by (S. Sok.): "10,000 Diesel Engines From Andrychow"]

[Text] The Andoria Diesel Engine Plant in Andrychow has been struggling for many years with the C90 engine, which was supposed to be a best seller of the Polish automotive industry, but instead became an overdue child. Dozens of prototypes had been developed, and perhaps hundreds of ideas had been implemented, before an engine in its present form was produced. It is

suitable for installation in cars, mainly vans, and there are buyers abroad for it, too.

It should be recalled that the diesel engine made in Andrychow was supposed to be used in vans made by a Polish-Soviet company, which was to produce the successor of the everlasting Zuk at a plant in Lublin. However, the Truck Plant is "on ice," and it is not known when the modernized Zuk will be developed. At any rate, there is an engine ready for it in Andrychow.

At present, Andoria is prepared to manufacture 6,000 4C90 engines of the latest version, with fuel injection into a rotor chamber with a volume of 2,417 cubic centimeters, and a capacity of 51.5 kilowatts. Professionals from Andrychow maintain that the current version of this four-cylinder, four-stroke engine may be used in vans and cross country vehicles weighing up to 3.5 tons and in passenger cars.

It is planned to produce up to 10,000 engines this year. In view of the limited potential of Polish car producers, markets are being sought for these engines abroad. The first contract has already been signed with the Romanian plant Procar, which produces vans of the same name. We will ship 2,800 engines to Bucharest. This is a substantial success for Andrychow, and at the same time marks its entry into the international market, having won the bid in competition with French and Italian producers.

Diesel engines from Andrychow will also go to Egypt, where they will be installed in the Ramses, a vehicle which has been produced for a long time on the basis of the Polish Zuk. It is envisaged that a total of 7,000 engines will be marketed abroad this year.

The modernization of the 4C90 engine proceeds in parallel with the development of production and exports. Direct fuel injection will be added, and the service life of the engine will be extended.

Andoria is also involved in the sale of spare parts to Germany and Finland; it trades in Zuks and diesel engines—anything to last until better times.

Future Oil, Gas Imports Outside Russia Viewed

92EP0197A Warsaw RZECZPOSPOLITA (ECONOMY AND LAW supplement) in Polish 22 Jan 92 p II

[Article by Danuta Walewska: "Tomorrow and After the Year 2000"]

[Text] The reduced—practically from the beginning of this year—deliveries of gas to Poland have forced its users to make drastic savings. The enterprises which use it the most (mainly the chemical industry, e.g., Police and Wloclawek, and the steel producers, e.g., Sendzimir) were forced to restrict consumption, i.e., reduce production. As told to us in the Ministry of Industry and Trade, these plants are operating at half capacity, and most likely will have to go on a one fourth capacity schedule.

However, Aleksander Findzinski, managing director of the Polish Oil and Gas Mining Enterprises, assured us that in no case will deliveries to private consumers be restricted. At this time, the first level of gas supply for municipal and private purchasers is in effect and the tenth for commercial purchasers. Complete shutoff is level 16.

As we know, the chief supplier of gas to Poland is Russia. We expected that this year we would receive approximately eight billion cubic meters of gas. This was based on the Jamburg agreements, under which in return for our participation in gas investments we receive deliveries of gas, and on an intergovernmental agreement signed last Christmas Eve, which provides that we were to receive petroleum and gas in return for deliveries of food and medicines. Enterprises exporting food signed other gas agreements on their own, and in the middle of last year there was no lack of anxious Polish politicians who were afraid that we would be "completely gassed." Unfortunately, their fears were unfounded.

Since the beginning of the year we have received much less gas from the East than we had expected, just as if the agreements were to remain at last year's level, i.e., 5 billion cubic meters. That is far too little for the needs of our industry, even that which is affected by the recession. What remains, therefore, is political, diplomatic, and economic pressure, which, of course, Poland is applying. Poland's ambassador in Moscow, Stanislaw Ciosek, almost daily—as reported to us—meets with some representative of the high Russian authorities and conducts talks on the subject of gas. What the effect of these talks will be, and when, we still do not know.

In this situation nothing remains but to begin, with redoubled energy, to negotiate alternative deliveries of gas to Poland, while bearing in mind that even the most favorable end to such negotiations does not guarantee us deliveries still this year.

Polish Oil and Gas Mining Enterprises had been planning to diversify suppliers of gas for a long time. We also thought about gas as a source of energy that is cleaner than coal.

There are three possibilities for a change in partner:

- North, i.e., the North Sea, where there are three shelves—Danish, British, and Norwegian;
- South, i.e., Algeria;
- Middle East, i.e., Iran.

The possibility of obtaining gas from the North Sea looks the best. We are conducting talks with the British and Norwegians from the Statoil Oil Concern, which recently opened an office in Poland. As we were told in the Warsaw office of the concern, although talks are underway, the real negotiations will only just begin. Statoil says they will begin soon. Oil and Gas says in May. The Norwegians, before they begin to make any concrete decisions, are setting conditions. They must know by then what will be happening on our market, or

actually, whether there will be a market at all. What the prices will be, and what our ability to pay for the gas will be. We should not be surprised at this, because the investment is very large, calculated in billions of dollars. Even under the most optimistic arrangement, gas would not flow through this pipeline before 1996 or 1997 (the Polish estimate). The Norwegians reply diplomatically that they have already contracted for gas deliveries to the year 1994, and their capacity is exhausted. It is true that gas flows from Norwegian beds by pipe to West Europe. The startup of another gas pipeline, which would run to Zeebrugge, is planned for 1993-94. To us (as well as to Hungary and Czechoslovakia, which have problems similar to ours with supply from the East), gas would flow from Trol possibly not until the third pipeline, whose annual output would be about 10 billion cubic meters.

These two possibilities—Norwegian and British, for political reasons appear to be the safest, and their implementation the most probable.

For now, there is a possibility of hooking up in the Zgorzelec region to gas deliveries obtained through eastern Germany and in this way our Lower Silesia would be supplied. Considering the great economic importance of this part of the country, a serious problem would be solved.

The "Southern" variant of supply would also require large investments: building a gas-liquefaction station (one cubic meter of liquified gas is about 600 cubic meters of gas) and cooling it to -160°, building a terminal and a preheating station in Poland, and purchasing special tankers to haul the gas. The most optimistic course of events does not make it possible to utilize this source of supply before the year 2000.

The Middle East path, i.e., Iran, would run through the Balkans and in view of the danger of political disturbances in this region, is regarded least seriously. In any case, it would require similar investments as in the case of supply from Norway.

Meanwhile, we are completely at the mercy of deliveries from the East. Whether we will be able to negotiate what is due Poland in accordance with the agreements already signed, will become evident in the next few days.

POLITYKA Weekly News Roundup: 12-18 Jan

92EP0174A Warsaw *POLITYKA* in Polish No 3,
18 Jan 92 p 2

[Excerpts]

National News

[passage omitted] Celinski against Kropiwnicki. Minister J. Kropiwnicki recalled Deputy Minister Joanna Starega-Piasek, a deputy and member of the Democratic Union (UD), for political reasons. (He himself belongs to the Christian National Union (ZChN), and the Democratic Union (UD) has remained in opposition.) The decision, strongly criticized, caused Senator A. Celinski of the

Democratic Union (UD) to accuse the minister of belonging to the Union of Socialist Youth (ZMS) in 1968 and participating in meetings at which students were removed from the university for "improper political positions"; later, the students were thrown out of the university by disciplinary commissions. Minister Kropiwnicki responded that the accusations are a lie and that because of his position during the March events he was forced to leave Warsaw and seek work in Lodz. In turn, the senator said that he can support his accusations with testimony from witnesses in court. The television program PANORAMA transmitted the declaration of the former chairman of the Union of Socialist Youth at the Main School of Planning and Statistics, now living in Paris, who stated that Kropiwnicki "did not call for removing students from the university and that he was always considered a decent colleague and a good student." At this point, the issue seemed to die away.

Deputy Marek Siwiec, the spokesman for the Alliance of the Democratic Left (SLD), denied reports in some dailies that during the meeting between Prime Minister J. Olszewski and the Presidium of the Club of the Alliance of the Democratic Left (SLD) words were said that the left might agree to decommunization. M. Siwiec declared that in speaking of decommunization the prime minister presented it as: 1. severe, but just punishment of crooks; 2. a transformation of the structures of the state so that they matched the new democratic reality, and 3. promotion of new personnel. The criteria were to be primarily honesty and qualifications (not length of service or combatant achievements). The social democrats cannot be against such plans, but that is not decommunization; all over the world, it would be called transformation or reform of the state. M. Siwiec added that the prime minister offered the parliamentarians of the Alliance of the Democratic Left (SLD) "a definition of a peculiar demilitarized zone" a range of issues, where differences of views will not be used for short-term interests against the interests of the state.

This has raised the so-called guaranteed sum for retirements and pensions to 1 million zloty (Z) from Z800,000. This action does not designate the lowest level of these benefits. It concerns two situations: 1. If until November, someone had benefits below Z1 million, and as a result of the revaluation, he would receive still less, he will receive the same amount as heretofore. 2. If some one received more than Z1 million, and after the revaluation, he would receive less, he will receive the guaranteed sum, Z1 million.

In ZYCIE WARSZAWY, Alina Grabowska, a journalist for Radio Free Europe for many years, appealed for "100 days" for the government. "Let's give the government the proverbial '100 days'. Otherwise, there will be no way to govern Poland."

The military will save more than Z100 billion as a result of a decision by Minister of Defense J. Parys not to call graduates of higher schools to the Reserve Noncommissioned Officers School for training.

The transport ministry has applied to the minister of finance for an increase in fares for rail and State Motor Transport services. Beginning 1 February 1992, prices for tickets on the Polish State Railways are to increase an average of 30 percent. (Last year, they increased by 60 percent.) Prices for tickets on State Motor Transport are to increase by 32 percent. (Last year, they increased by 70 percent.) The freight rates of the Polish State Railways are to increase by 20 percent. (Last year, they increased by 30 percent.) PAP reported that the decision has not been made yet.

Clerics will pay an income tax on their incomes "from payments received in conjunction with the pastoral services they perform." That is the effect of an order of the minister of finance of 30 December 1991.

Kadra, the Union of Mining Supervisors, demanded the immediate removal of Minister J. Kropiwnicki as head of the labor ministry. The demand is associated with the minister's comments on television that if there are mass strikes and protests, the government has two ways out: introduce martial law or submit its resignation. "Threatening an impoverished society with martial law undermines the credibility of the government and the qualifications of some of its members for the positions they hold," the mining unionists' letter says. The Ministry of Labor explained that the minister's comment was misinterpreted; the government has not considered and is not considering a decision to introduce martial law or breaking strikes by force. [passage omitted]

Changes at the Ministry of Internal Affairs. Roman Hula, the commandant of police, has resigned from his position for personal reasons. (He submitted his resignation in November 1991, but it has just been accepted.) Sub-inspector Jan Naparty, who was previously head of police in Konin, will be acting commandant. Piotr Naimski of the Christian National Union (ZChN) has been named undersecretary of state in the Ministry of Internal Affairs. He (age 42) is a biochemist, a cofounder of the Workers' Defense Committee (KOR), and a Solidarity activist.

Thirty rabbis, chiefly from Israel and the United States, have arrived for the celebration of the 178th anniversary of the death of the Chassid from Lelov. For the first time since before the war, it will be celebrated in such a ceremonial manner. [passage omitted]

The editors of the Gypsy magazine TABORESKA have sent us "An Open Letter on the Gypsy Question." (The editor-in-chief is Marian Yoph-Zabinski.) In a letter sent to the political parties in Poland, the Gypsies have proposed that they be given the Kaliningrad enclave for settlement. "The Gypsy nation has received innumerable wrongs and acts of injustice both from Germany and from the Soviet Union during the past decades, but it has so far received no compensation," the authors of the letter write. [passage omitted]

Opinions

Bishop Adam Lepa, chairman of the Commission for the Social Mass Media of the Polish Episcopate:

(Interviewed by Maciej Letowski, LAD 5 January 1992)

[Lepa] As regards blasphemous items in the media and ridiculing authorities, Jerzy Turowicz has quieted the Episcopate by saying that taken in quantitative terms things are not so bad yet. Personally, I would have a completely different opinion. In any case, the very many letters, which the Commission for the Social Mass Media of the Episcopate has been receiving for a long time now, have put these phenomena in a very sharp form and in the proper dimensions. And priests, journalists, and teachers also write to us. Many of the first reveal and condemn the publication of blasphemous items at many pastoral care meetings and demand the appropriate powers end these regrettable symptoms of a fairly primitive anti-culture. That is not pluralism in the media; it is obviously wrong; no antenna time and public money should be wasted on such things.

Marian Krzaklewski, chairman of the Solidarity Coordinating Commission:

(Interviewed by Tomasz Roguski, WIEZ No 10, 1991)

[Krzaklewski] What did I discuss with the pope? . . . I attempted . . . to get an answer to the question whether we are to be a union in which only one option "sticks" or whether we should stay with pluralism, with building and developing on the basis of Christian social teachings, but with an openness to a multiplicity of views, obviously other than extreme ones. I clearly sensed that we should indeed continue the pluralist scheme of Solidarity, for without it we would not be who we are. I also sensed that the Holy Father is counting on Solidarity, especially now given the shattering of the political groups and the dependence of the political scene more on personal relations than on program differences.

Jan Olszewski, prime minister

(Interviewed by Joanna Jachmann, Andrzej Gelberg, and Wojciech Gielzynski, TYGODNIK SOLIDARNOSC 10 January 1992)

[Olszewski] Verification of the main state positions will occur almost automatically; such verification is associated with the new political system, which derives from elections, from the development of a new party structure, from the formation of a new government. As regards the specialist apparatus, however, it seems to me, that a verification of qualifications, a certain loyalty and efficiency, will bring up people whose party past will not have major importance. Obviously on the condition that they are not people who played a prominent political role in the communist system. . . . Time passes and while two years ago a legislatively determined decommunization would have greatly accelerated and promoted new political forces; today, in my opinion, these forces are already

sufficiently emphasized for us to operate in a natural fashion without resorting to strictly legal instruments.

[passage omitted]

Grzegorz Korytowski, chairman of the Voivodship Board of NSZZ of Policemen in Warsaw:

(Interviewed by Irena Hamerska, *TYGODNIK POPULARNY* 5-12 January 1992)

[Korytowski] We participated in the election campaign for parliament. We wanted to explain to society that we have our problems, our pains, that we frequently do as ordered against our conscience. Not all of us are kamikazes. People fear for themselves, for their families. Meanwhile, the authorities are counting on strong, young, but dumb, people coming to the police who will obediently perform their orders. That is what power over the police is. We were not permitted to conduct an election campaign. We took the matter to court. We won, but that delayed our activities. We were called trouble makers. A police hunt. They also threaten me. My telephone is tapped. I hear threats on the phone. I have a wife and two children. Recently, a colleague died in a car accident in fairly strange circumstances. I was supposed to go with him. Nothing has changed. But those gentlemen did it better. [passage omitted]

POLITYKA Weekly News Roundup: 19-25 Jan

92EP0174B Warsaw *POLITYKA* in Polish No 4, 25 Jan 92 p 2

[Excerpts]

National News

[passage omitted] In an interview with journalists of *PRZEGŁAD KATOLICKI*, Primate Jozef Glemp said: "The concern caused by poverty is growing, as is the concern caused by fear of poverty. Comparison of our situation with the material prosperity in the West increases dissatisfaction, but understanding that we must go through the crisis, that the difficult transformation of the economy requires sacrifices, is rather needed. The church is accused of not dealing with unemployment. We want to deal with it, but in the spirit of truth, i.e., we not only want to notice the poverty and deal with it, but also to speak openly of such situations as the collection of benefits for the unemployed by the son of an owner of a 50-hectare farm. Does the son of such a rich farmer need help and can he be called unemployed? Or there are cases of unemployed collecting benefits and dealing on the side in activities earning large sums. Where there is poverty, for example, in a family struggling with alcoholism, the church undertakes charitable action. We look with concern upon those places where entire work forces are fired from plants."

The group of advisors to Prime Minister J. Olszewski is now active. Its members are Jozefina Hryniewicz (a faculty member at Warsaw University, social policy), Bohdan Cywinski (historian), Krzysztof Wyszowski

(journalist, Gdansk section of KAW [National Publishing Agency]), Czeslaw Bielecki (architect, columnist), Dariusz Grabowski (economist, private entrepreneur, lecturer at Warsaw University), Slawomir Dabrowski (economist), Piotr Dabrowski (former press spokesman for NSZZ [Independent Self-Governing Trade Union] Solidarity of Individual Farmers). Zdzislaw Najder, chairman of the National Citizen's Committee, is chairman of the group.

[passage omitted] The Public Opinion Research Center on privatization—a report published in January 1992 on four surveys conducted during the second half of 1991. Only 15 percent support complete privatization. Who will gain the most? Rich people, 29 percent; speculators and schemers, 19 percent; the national economy, 14 percent, representatives of the government and the former communist *nomenklatura*, 9 percent each; foreign capital, 7 percent; the employees of the privatized enterprises, 5 percent; the average citizen, 2 percent. And who will lose the most? The average citizen, 27 percent; workers and farmers, 20 percent each. No one (0 percent of the respondents) thought the rich will lose.

M. Krzaklewski, the head of Solidarity, has proposed a temporary power payment instead of an increase in prices for electricity. The amount would depend on the incomes of particular fee payers. The government is to consider the proposal if it takes on a more concrete form.

Is the president an arbiter? The Sopot survey center did a survey for *RZECZPOSPOLITA* on 11-12 January 1992. Of the respondents, 49 percent said that the president is not performing as an arbiter; 20 percent that he is; 30 percent had no opinion. In particular, young people (ages 18-24), supporters of the Alliance of the Democratic Left (SLD), and also of the Confederation for an Independent Poland (KPN), of the Democratic Union (UD), and of the Polish Peasant Party (PSL) deny the role of arbiter to the president.

What joins, what divides the people of the Democratic Union (UD)? In *TRYBUNA*, Zofia Kuratowska, leader of the socio-liberal fraction of the Union responds to the question: "The differences are visible especially in comparisons of the positions of my fraction and the Forum of the Democratic Right (FPD). The differences lie chiefly in the approach to relations between the state and the church. The Forum of the Democratic Right (FPD) is seeking a certain degree of connection between the church and the state; we, however, are decidedly opposed to introducing elements of the worldview into legal acts, into our public life. We speak clearly for a division in the affairs of the state and of the affairs of the church."

Public opinion of politicians. A survey by the Public Opinion Research Center for *ZYCIE WARSZAWY*, 3-10 January 1992. Jacek Kuron (87 percent) has again won the highest level of confidence; Krzysztof Skubiszewski (80 percent) was second; and Jan Olszewski (75 percent) was third. Moreover, the new prime minister

advanced the most. Since November 1991, the level of confidence in him has risen to 75 percent from 31 percent. The last three places in the list of 20 individuals were occupied by Jozef Slisz (20 percent), Zdzislaw Najder (18 percent), and Krzysztof Krol (17 percent). [passage omitted]

Wojciech Wlodarczyk, the head of the Office of the Council of Ministers, declared during a meeting of voivods with the prime minister that in filling positions in the administration "he will not consider party loyalties, although they will be taken into consideration." The most important criterium is to be loyalty to the government, competence, and clean hands.

Who's News

Anna Radziwill, deputy minister of education, has resigned her position. She declared that "she sees no reason to explain her decision." Andrzej Janowski, also a deputy minister at the Ministry of National Education, has also resigned. Andrzej Slowik, chairman of the Lodz Region of NSZZ Solidarity, has been named undersecretary of state in the Ministry of Labor and Social Policy. [passage omitted]

Opinions

Lech Kaczynski, chairman of the Sejm Commission for Administration and Internal Affairs, former minister for National Security Affairs:

(Interviewed by Mariusz Guryn and Piotr Jakucki, NOWY SWIAT, 14 January 1992)

[NOWY SWIAT] What is your opinion of the loyalty of the military to Jan Olszewski's government?

[Kaczynski] The officer corps has its political sympathies which differ from the political sympathies of other social

groups. I do not think, however, that one can speak of disloyalty on a mass scale. Yet cases of that kind can occur....

[NOWY SWIAT] We mention it because Admiral Kolodziejczyk has already frightened everyone with the possibility of a putsch among the officers.

[Kaczynski] The majority of the officers realizes that it is unrealistic. The comment sought to create the impression that the army might become a threat for democracy given drastic changes in the armed forces more than to say that there are real intentions. Although one should not exclude that course of events.

Janusz Korwin-Mikke, deputy, leader of the Union for Real Politics (UPR):

(Interviewed by Artur Siedlarek, TRYBUNA, 11-12 January 1992)

[Korwin-Mikke] We protested against communist power; we did not recognize it as illegal if just for the reason that St. Paul clearly said that all power comes from God. We recognized that if God sends such a scourge on the Polish nation one must suffer through it. [passage omitted]

Cardinal Jozef Glemp, primate of Poland:

(Interviewed by Cezary Gmyz, Wieslawa Lewandowska, and Tomasz Wolk, ZYCIE WARSZAWY, 11-12 January 1992)

[Glemp] Today we are dealing with a peculiar fashionable secularization, with desacralizing all areas of life. It comes to us as a very powerful trend from the West and allies itself with an old habit of promoting atheism. This fashion like all is transitory, but while it lasts we must confront it as a reality. Campaigns occur in various publications. In complete generosity, I once called this phenomenon a meal for small mongrels. People took offense. And now we have a "Polish Zoo" and look everyone would like to be a kind of animal in it and no one takes offense.

Government Decisions on Wage Indexation

92BA0505A Bucharest DIMINEATA in Romanian
23 Jan 92 p 3

["Text" of Romanian Government decisions on wage indexation issued in Bucharest on 18 January]

[Text]

Decision on the Indexation of Certain Individual Incomes on 1 January 1992

The Romanian Government decrees:

Article 1

As of 1 January 1992 the following individual incomes will be indexed by 11.1 percent:

- a) State social security pensions, military pensions, IOVR [war invalids, orphans, and widows] pension, and health-care allowances for grade one retired invalids;
- b) Social benefits granted on the basis of the pension legislation;
- c) The pensions of persons who have completely or partially lost their ability to work and of the survivors of those who died in fighting for victory in the December 1989 revolution; caretaker allowances for persons classified as grade I invalids; monthly allowances for the mothers of the martyr heroes as stipulated in Law No. 42/1990 and later amendments;
- d) The increments and allowances awarded to war invalids, veterans, and widows as stipulated in Law No. 49/1991;
- e) The quarterly relief payments awarded in keeping with Decree-Law No. 70/1990;
- f) Aid for the spouses of conscripted soldiers;
- g) Occasional relief granted as per Council of Ministers Decision 454/1957;
- h) Upkeep payments for minors placed with foster families or individuals;
- i) Monthly cash allowances established in keeping with Article 14 of Law No. 23/1969;
- j) Unemployment relief for the unemployed on the payroll on 1 January 1992.

Article 2

State children allowances will be indexed by 80 lei a month for each child.

Article 3

The amount of the monthly allocation for each year of detention, internment, house arrest, or exile, awarded on the basis of Decree-Law No. 118/1990 and later amendments, is set at 560 lei.

Article 4

The aid legally awarded upon the death of a wage-earner or pensioner is set at 4,000 lei, and at 3,000 lei on the death of a family member.

Article 5

Food allocations for collective catering in state social units will be fully indexed to increases in food prices, as given in Annex No. 1.

Article 6

The amounts of scholarships awarded to school children and college students, calculated after indexation according to the present decision, are stipulated in Annex No. 2.

Article 7

Social aid for medication used in ambulatory treatment will continue to be provided in keeping with the regulations contained in Government Decision No. 219/1991.

Article 8

The benefits due to persons who on the date of the indexation or subsequently were temporarily incapacitated, on maternity leave, on leave for caring for a sick child or for a child under one year of age, or in other situations in which benefits are legally established on the basis of the base pay, will further be calculated on the new base pay.

Article 9

(1) As of 1 January 1992 the amounts resulting from the indexation will be included into the respective benefits, which will make up the new amounts of those benefits.

(2) The amounts resulting from the indexation will be paid out of the same funds as the indexed payments.

(3) The amounts resulting from indexation in keeping with the present decision; those representing the indexation and compensation stipulated in Government Decisions No. 219/1991 and 780/1991; and the pension increments granted under Government Decision No. 526/1991 will not be included in the income calculation that serves as the basis for setting rents for state housing, state children allowances, the contributions paid by those legally in charge of persons confined to social institutions, quarterly and occasional benefits, the discounts given to pensioners for prostheses and dentures, and the right to eat at social welfare canteens.

(4) The ceilings regulated under Government Decision No. 360/1991, which serve as basis for determining parents' contribution to the upkeep of children in nurseries and kindergardens are stipulated in Annex No. 3.

Article 10

The cost of the warm meals and food allowances awarded in keeping with the regulations in force to the employees of certain autonomous managements and economic enterprises in which the state holds the majority capital, which are funded from the production expenses established by negotiation upon the signing of collective labor contracts, will be increased within the limits of the forecast growth index of food prices.

Article 11

The Ministry of Labor and Social Protection and the Ministry of Economy and Finance will issue specifications on establishing and paying the benefits arising from the implementation of the present decision.

Article 12

The National Commission for Statistics will publish the monthly and quarterly indexes of consumer price increases by the 15th of the following month.

Article 13

The enterprises with majority private capital, cooperative and public enterprises, and social security systems—other than state social security—are advised to implement the social protection measures envisaged in the present decision.

Article 14

Failure to observe the provisions of the present decision will incur disciplinary, material, or penal punishment in compliance with the law.

Prime Minister
Theodor Stolojan

Annex No. 1

Daily Food Allocation for Collective Catering in State Social Units

	Lei Per Day
Education	
Children in extended day kindergartens	94
Children in weekly kindergartens	105
Children in homes for preschoolers and special kindergartens	129
Children and students in special homes and schools for curable and partially curable handicaps, and in vocational or retraining centers for the mentally handicapped and handicapped	137
Children in special reeducation schools	94
Elementary and intermediate school children	94
High school students	96

Vocational school children	99
Students in auxiliary and trade schools	94
Students in post-high school schools	101
College students	115
Students in special schools suffering from stabilized forms of tuberculosis	137
Professional, cultural, and artistic competitions for school and college students at the county level, the regional level, and the national level, and during the period of training for the participants in international Olympic games	115
Children in camps, vacation camps, and on trips	115
Children in international camps	137

Health

Adult hospitalized patients	137
Ambulatory day patients	69
Premature babies in maternities, hospital wards, or other departments (for breast-fed babies, the mother may claim the baby's food allocation)	22
Hospitalized children up to age three	69
Hospitalized 3- to 16-year-olds	115
Children in day nurseries	69
Children in weekly nurseries	105
Children in baby-care programs	105
Hospitalized victims of burns	181
Institutionalized lepers	230
Companions to hospitalized patients	137
Allocation for a 0.5-liter milk ration at milk kitchens	15
Blood donors	232
Foreign patients at the National Institute for Gerontology and Geriatrics (distributed only to the interested units)	461

Social Welfare

Homes for the elderly and the retired	105
Medical homes for adults	129
Homes for handicapped minors and reception centers for minors	137
Social welfare kitchens	94

Sports Activities

The amounts of daily food allowances will be indexed by 46.3 percent of the October 1991 allowances

Note: Allocations of food will commence on the date of publication of this decision in MONITORUL OFICIAL

Annex No. 2

The Amount of Tuition and Meritory Scholarships for Students

	Lei Per Month
1. Preuniversity Education	
a. Tuition scholarships	3,600
b. Meritory scholarships	1,080
c. Scholarships for students from the Republic of Moldova	4,750
2. University Education	
a. Category I scholarships	5,330
b. Category II scholarships	4,610
c. Category III scholarships	3,890
d. Meritory scholarships	1,440
e. Scholarships for students from the Republic of Moldova	
—Tuition scholarships	5,760
—Scholarships for post-graduate, specialization, or doctorate studies	7,200
f. Scholarships for foreign students, granted by the Romanian State	
—Student scholarships	5,760
—Scholarships for postgraduate studies	7,200

Annex No. 3

Ceilings Determining Parents' Contribution to Child Upkeep in Nurseries and Kindergartens

Ceilings envisaged under Government Decision No. 360/1991	Ceilings indexed as of 1 January 1992
Up to 12,000 lei	up to 25,000 lei
12,001-20,000 lei	25,001-36,000 lei
Over 20,000 lei	over 36,000 lei

Decision on Establishing the Minimum Nationwide Gross Base Pay and the Salary Indexing Coefficient for the January-April 1992 Period

The Romanian Government decrees:

Chapter I. Nationwide Minimum Gross Base Pay**Article 1**

(1) As of 1 January 1992 the nationwide minimum gross base pay will be 8,500 lei a month for a full schedule of 170 hours a month on the average, which breaks down to 50 lei per hour.

(2) Whenever the working schedule is legally shorter than eight hours a day, the minimum hourly gross base pay will be calculated by the enterprises by dividing the

nationwide minimum gross salary stipulated under paragraph 1 by the average monthly number of hours in accordance with the legally approved working schedule.

(3) Legal and physical persons who employ salaried personnel on full-time or part-time schedules may not negotiate and establish individual labor contracts calling for a base pay lower than the nationwide minimum hourly gross pay.

Chapter II. Salary Indexation**Article 2**

(1) At economic enterprises with majority state capital and autonomous managements at which salaries are established by negotiation, the wage fund on which additional tax is not paid as stipulated in the system establishing the salaries fund for 1992, will be decided monthly on the basis of the wage fund of reference and a 25 percent indexation coefficient, representing 50 percent of the forecast consumer prices growth in the period November 1991-April 1992 compared to October 1991.

(2) The indexation coefficient stipulated in paragraph (1) may be corrected at the recommendation of the National Indexation Commission formed as specified in Government Decision No. 843/1991.

Article 3

The new categories of taxable monthly individual revenues that will be applicable as of January 1992, established on the basis of the indexation coefficient stipulated in Article 2, are given in the annex.

Article 4

Enterprises with majority private capital, cooperatives, and public units are advised to implement the salary indexation in accordance with the forecast growth of consumer prices in the period January-April 1992.

Article 5

As of 1 January 1992 the provisions of Government Decisions No. 133/1991, 579/1991, and 780/1991 are abrogated.

Prime Minister
Theodor Stolojan

Income Levels**Taxable Revenue Categories and Tax Percentages To Be Implemented Beginning With Salaries Paid for January 1992**

Monthly Taxable Revenue (in Lei)	Monthly Income Tax
Up to 1,000	6 percent
1,001-1,200	60 + 10 percent on amount in excess of 1,000 lei
1,201-1,500	80 + 18 percent on amount in excess of 1,200 lei

Income Levels (Continued)	
Taxable Revenue Categories and Tax Percentages To Be Implemented Beginning With Salaries Paid for January 1992	
Monthly Taxable Revenue (in Lei)	Monthly Income Tax
1,501-2,500	134 + 22 percent on amount in excess of 1,500 lei
2,501-4,100	354 + 23 percent on amount in excess of 2,500 lei
4,101-6,100	722 + 24 percent on amount in excess of 4,100 lei
6,101-10,200	1,202 + 25 percent on amount in excess of 6,100 lei
10,201-14,300	2,227 + 26 percent on amount in excess of 10,200 lei
14,301-20,400	3,293 + 28 percent on amount in excess of 14,300 lei
20,401-30,600	5,001 + 31 percent on amount in excess of 20,400 lei
30,601-40,800	8,163 + 35 percent on amount in excess of 30,600 lei
40,801-51,100	11,733 + 40 percent on amount in excess of 40,800 lei
over 51,100	15,853 + 45 percent on amount in excess of 51,100 lei

Decision on System Used To Establish the Wage Fund of Economic Enterprises With Majority State Capital in 1992

The Romanian Government decrees:

Article 1

As of 1 January 1992 the economic enterprises with majority state capital will establish salaries and their system of indexation under collective labor contracts or individual labor contracts, as the case may be, in keeping with the terms envisaged in the present decision.

Article 2

The salary negotiations and indexation will be contained within the limits of an overall wage fund established in keeping with the financial resources of each economic enterprise, so that the payment of salaries and benefits may be ensured out of the enterprise's own revenues.

Article 3

Individual salaries will be established under individual labor contracts, without any caps.

Article 4

The salaries of business managers will be established by the bodies empowered to appoint them.

Article 5

In addition to the base salaries, businesses may award supplements and increments, established under the collective labor contract, in relation with their financial resources and specific conditions.

Article 6

(1) The overall wage fund, on which businesses will not pay additional tax, will be established monthly on the basis of the wage fund of reference corrected by a percentage of the consumer price increase over October 1991.

(2) The wage fund of reference will be established in keeping with the provisions of Annex No. 1.

Article 7

(1) The percentage of the consumer price increase over October 1991 that will be calculated into the overall wage fund will be established periodically, in consultation with the trade unions and the management, in keeping with the consumer price evolution and with the development of production at the level of the national economy, so as to ensure that the real salaries remain within the agreed upon limits.

(2) The growth index of the consumer prices that will be taken into calculation at the beginning of the period is the index forecast in comparison with October 1991, whereas at the end of the period the index calculated will be the consumer price growth index actually recorded.

Article 8

The forecast consumer price index established in comparison to October 1991 will be communicated by the Ministry of Economy and Finance and published in MONITORUL OFICIAL.

Article 9

(1) Economic enterprises whose financial resources allow them to utilize an overall wage fund larger than the fund decided in keeping with the provisions of Article 6, will pay an additional monthly tax set in accordance with the size of the excess amount, cumulated since 1 January 1992, as stipulated in Annex No. 2.

(2) The additional tax will be calculated as the difference between the tax levied on the amount in excess of the overall wage fund, cumulated since 1 January 1992, and the tax effectively paid by the respective month.

(3) At businesses where, because of their seasonal nature, the working day schedule is at times longer and the normal working day is calculated on the basis of an average quarterly, half-yearly, or yearly schedule, the additional tax will be calculated and shown on a monthly basis and will be paid at the end of each semester according to the regulations of the present decision.

Article 10

(1) The overall wage fund, established in keeping with the provisions of Article 6, will be recalculated in the course of 1992 in relation to the consumer price index in effect and with the percentage of the price increase established as per Article 7. When necessary, the additional tax will also be duly corrected.

(2) The actual consumer price growth index will be communicated by the National Commission for Statistics by the 20th of the following month and will be published in the MONITORUL OFICIAL.

Article 11

(1) The overall wage fund established in accordance with Article 6 may be increased, if:

a) The businesses expand their activities and need a larger personnel than was calculated when the wage fund of reference was established;

b) The businesses have increased their efficiency in the wake of increased labor productivity.

(2) The conditions in which the wage fund may be increased, in accordance with the provisions of paragraph (1), and the manner of calculating the increase will be established under methodological norms issued by the Ministry of Labor and Social Protection in conjunction with the Ministry of Economy and Finance.

Article 12

(1) The wage fund of reference for economic enterprises which were not operational or did not exist in October 1991 will be established in relation to the number and structure of personnel, the nature of the enterprise, and the average salaries available at similar enterprises.

(2) The wage fund of reference in accordance with paragraph (1) will be established by the Ministry of Economy and Finance in conjunction with the Ministry of Labor and Social Protection, on the basis of the documentation presented by the economic enterprises.

Article 13

(1) Companies may establish an incentive fund for the employees in an amount up to 10 percent of the profit left over after the tax legally owed has been paid.

(2) Up to 50 percent of the fund established as per paragraph (1) may be awarded to employees during the year, and the difference at the end of the year.

(3) The incentives awarded in the course of the year out of the net profit achieved will be added to the monthly wage fund for the purpose of calculating the additional tax owed in relation to the amount in excess of the overall wage fund, established in accordance with Article 6.

(4) At the end of the year, the incentive fund established by applying an up to 10 percent quota on the net profit

will be added to the overall wage fund determined in keeping with Article 6, cumulated from the beginning of the year; the result will be the fund on which no additional tax is to be paid for the entire year.

(5) Whenever the wage fund calculated as per paragraph (4) is larger than the wage fund utilized since the beginning of the year, including the incentives paid out of the net profit, the tax withheld during the year will be refunded. Similarly, if the wage fund determined as per paragraph (4) is smaller than the wage fund utilized since the beginning of the year, including the incentives paid out of the net profit, the tax will be recalculated and settled with the tax paid in the course of the year.

Article 14

(1) The provisions of the present decision are also applicable to the autonomous managements, with the exception of the special managements established by the government.

(2) The autonomous managements will form and pay out a profit-sharing fund in compliance with Law No. 15/1990.

Article 15

(1) At economic enterprises with headquarters in Romania, which operate abroad, the salaries of the Romanian personnel will be established in hard currency, by negotiations, within the limits of the amounts earmarked for that purpose when the contract was signed with the foreign partner.

(2) The taxation system featured in Article 9 of the present decision will not be used to establish the hard currency salaries stipulated in paragraph (1).

(3) Collective labor contracts may call for a part of the salary to be paid in the currency of the country in which the job is carried out or paid for, and the remaining to be paid in Romania, in lei, at the official rate of exchange in effect on the date of payment.

Article 16

(1) The October 1991 wage fund of reference and the number of personnel on the payroll on the last day of October will be registered with the county and Bucharest municipal inspectorates for labor and social protection by each economic enterprise, by 31 January 1992.

(2) The county and Bucharest municipal directorates for labor and social protection, jointly with the general public finances inspectorates of the counties and of Bucharest will verify the data presented by the economic enterprises with majority state capital, in keeping with paragraph (1), by the end of the first semester of 1992.

Article 17

The Ministry of Labor and Social Protection and the Ministry of Economy and Finance may issue specifications regarding the implementation of the provisions of the present decision.

Article 18

Failure to observe the provisions of the present decision will incur disciplinary, financial, or penal punishment, depending on the case, in keeping with the law.

Article 19

The present decision will become effective on 1 January 1992. On the same date, Government Decision No. 127/1991, with the exception of point 4 of the Note to Annex No. 3, and any other provisions to the contrary, will cease to be applicable.

Prime Minister
Theodor Stolojan

Annex No. 1

Establishment of the Wage Fund of Reference

The wage fund of reference will be established in the following manner:

1. The base monthly salaries negotiated under individual labor contracts for the personnel on the payroll on the last day of October 1991 will be added up.

a) The base salaries are the salaries including the compensations and price increase indexes effectively paid out by the end of October 1991.

The economic enterprises that were not able to index salaries up to the level stipulated in Government Decision No. 579/1991 will add to the sum of the base salaries the difference between 13.43 percent and the increase actually paid.

b) The number of personnel on the payroll on the last day of October will include all the personnel employed under an unlimited labor contract. The personnel employed under a limited labor contract, with the exception of those hired to replace employees under unlimited labor contracts absent for various reasons, will be subject to the provisions of Article 11 of the decision.

2. To the total of the base salaries established in keeping with paragraph 1 will be added the sum of the increments established in keeping with the provisions of individual labor contracts for October 1991.

3. The supplements and average bonuses achieved over the August-October 1991 period will be calculated as follows:

a) The difference between the amount received in keeping with the form of salary payment applied and the base salary for the time worked on the basis of the respective form of employment, the bonuses established in keeping with Government Decision No. 127/1991, formed and withheld on the basis of the costs, and the amounts paid out as increments for overtime, will be established as the monthly percentage average calculated on the base salaries paid out for the time worked in August, September, and October 1991.

The resulting percentage will be applied to the sum total of the base salaries established as per paragraph 1, and the resulting value will be added to the fund of reference in keeping with paragraphs 1 and 2.

b) The amounts paid in August-October 1991 for previous periods will not be used in calculation of the reference fund.

4. The following will be subtracted from the wage fund of reference established in keeping with the provisions of paragraphs 1-3 above:

—The value of the entire wage fund on which additional tax was due in October 1991, in accordance with Annex No. 1 to Government Decision No. 127/1991;

—The average monthly value of the wage fund in the period August-October 1991, on which additional tax was due in accordance with Annex No. 4 to Government Decision No. 127/1991.

5. The fund resulting in keeping with paragraphs 1-4 is the wage fund of reference.

6. Should the minimum nationwide gross base pay increase more than the increase established for the entire wage fund, the reference fund will be increased by the difference between the wage fund that the economic enterprise is obligated to pay in addition in order to observe the minimum base pay established.

Annex No. 2

Amount of Taxes	
Tax Levels Applicable to the Amounts by Which the Overall Wage Fund Established in Keeping With Article 10 of This Decision Was Exceeded	
Tax Levels	Steps by Which the Overall Wage Fund Was Exceeded
20 percent	For up to 5 percent fund excess
50 percent	For 5-10 percent fund excess
100 percent	For 10-15 percent fund excess
200 percent	For 15-20 percent fund excess
500 percent	For over 20 percent fund excess

Decision Regarding Measures Concerning the Salaries of Personnel Employed by Budget-Funded Units

The Romanian Government decrees:

Article 1

(1) As of 1 January 1992, the base salaries and other benefits in effect in October 1991 for positions in education, research, and design units; medical and social welfare institutions; data processing; culture and sports, and other units funded from the national public budget, stipulated in Annexes No. 1-11 to Government Decision No. 307/1991, will be set in accordance with the terms of

the present decision and will be periodically corrected in line with the forecast consumer price increases in relation to October 1991.

(2) The percentage of the forecast consumer price increase over October 1991 that will be taken into calculation for the purpose of correcting the base salaries and other benefits will be the same percentage as established for the economic enterprises and autonomous managements, in relation to which the latter will establish the wage fund on which no additional tax is owed.

Article 2

The provisions of Article 1 will also be duly applicable to the special autonomous managements whose salaries were approved by government decisions.

Article 3

Persons who are legally entitled to both a pension and a salary and are employed in public institutions may receive the difference between the increase resulting from the application of the provisions of Article 1 to the base figure and the indexes included in the pension on 1 October 1991.

Article 4

The new salary levels at the units cited in Articles 1 and 2 will be calculated and communicated to the units in question by the Ministry of Labor and Social Protection.

Article 5

The benefits of specialized personnel assigned abroad, envisaged in Annex No. 13 to Government Decision 307/1991, will be established in relation to the base salaries and other benefits they had in the last month prior to their departure abroad, and will be updated.

Article 6

The Ministry of Labor and Social Protection, jointly with the Ministry of Economy and Finance, may issue specifications in connection with the implementation of the provisions of the present decision.

Article 7

(1) The present decision will be implemented until 31 March 1992.

(2) Until the date stipulated in paragraph 1, the ministries and other central bodies will work out and present to the government for approval their own draft pay systems for the units under their control, funded from the national public budget, and will specify the financial resources from which they will be covered.

Prime Minister
Theodor Stolojan

Bucharest, 18 January 1992

Kosovo Human Rights Official on Abuses

92BA0508C Belgrade BORBA in Serbo-Croatian
5 Feb 92 p 9

[Interview with Zenun Celjaj, secretary of the Kosovo Committee for the Protection of Human Rights and Liberties, by Jovan Radovanovic; place and date not given: "Our Patience Is Running Low"—first paragraph is BORBA introduction]

[Text] I am afraid that the patience of Albanians is running very thin, and I am concerned about an explosion in Kosovo. There is already very serious criticism of political parties to the effect that they are pursuing the wrong policy through their continuous pacification.

"Our experiences over the past 10 years have been so bad that we will need a hundred years to forget what the current Serbian regime has done to us Albanians. Although I personally have always leaned towards reconciliation, coming to terms, I am afraid that there is an increasingly strong conviction among my people that coexistence with the Serbs is impossible." This was stated by Zenun Celjaj, for many years a journalist with RILINDJA (now, of course, unemployed) during an interview with BORBA. We spoke with Celjaj as the secretary of the Committee for the Protection of Human Rights and Liberties.

"I am afraid that the patience of Albanians is running very low, and in fact I am concerned about an explosion in Kosovo," Celjaj says. "Over the past 10 years, 105 people have been killed while peacefully protesting Serbian rule. Around 500 people have been injured—children, women, old people. There are more than 2,500 Albanians who have been criminally persecuted for expressing political opinions. During those 10 years, from 1981 to 1991, 700,000 to 800,000 Albanians have been subjected to various types of police investigation."

[Radovanovic] If that figure is not a slight exaggeration, this would mean that every other Albanian in Kosmet has been investigated.

[Celjaj] Remember in 1988 when the late Rahman Morina, when he was the provincial secretary for internal affairs, said that around 580,000 Albanians had been "combed through"? Thus, it is realistic to add another 100,000 to that figure, because there have been only more such investigations since the introduction of the so-called temporary measures.

[Radovanovic] What is the role of your committee in this?

[Celjaj] We were founded in December 1989, thinking that we would work on protecting everyone's human rights, not only those of Albanians, but conditions forced us to deal only with the misfortunes of that nation in Yugoslavia. And our misfortunes are such that, in the committee's opinion, they come close to being genocide.

"Case" of Attorney Marku

[Radovanovic] Do you not think that such an assessment is too strong?

[Celjaj] Look, we face threats to our right to life, to work, to survival, to national culture. Everything. Last year alone, three people died from police torture.

[Radovanovic] Give me at least one name, please.

[Celjaj] OK, the most typical is the case of Pec attorney Mikelj Marku. This was a serious man, 62 years old, a former well-known sociopolitical worker, a delegate to the Assemblies of Serbia and Yugoslavia. At the end of last October, some close relatives of his died, he tried to go to a village near Pec in a borrowed car, and was stopped by a police patrol. An inspection, a search, he tried to explain what he was doing, the policemen pulled him out of the car, began to beat him, and continued to do so at the police station, until he began to throw up blood. Efforts to get him to the Clinic Center in Pristina were in vain. He died several days later from the effects of the beating.

[Radovanovic] And what did you do?

[Celjaj] We brought charges, demanded information. I was told that he and his companion had assaulted the police, that one of them had shouted out that this is not Serbia, but rather Greater Albania, etc. That is utter nonsense, because he was a serious man, not some sort of inflamed young person unaware of what he was saying and to whom he was speaking. Thus far, according to our committee's evidence, there have been 16 such cases in the period from 1981 to 1991.

Half a Million Emigrants

[Celjaj] The so-called Albanian suicides in the JNA [Yugoslav People's Army] are a special case. We know of 60 such cases, and we have written to the Yugoslav Assembly about this, at the time to Gen. Kadijevic. With no results. And we have proof, which not a single expert can refute, that these cases did not involve some sort of "suicide."

[Radovanovic] Is it because of this, as well as the war that is unfolding in Yugoslavia, that more than 100,000 young Albanians have emigrated from Kosmet, according to some estimates?

[Celjaj] That is only one of the reasons. I think that we are seeing the implementation of the desires of Serbian rightwing extremists who see the "solution" to the Kosovo problem in the emigration of 500,000 Albanians. A German institute that deals with emigration ascertained in 1988 that there are 250,000 Albanians from Yugoslavia in Western Europe. Rest assured that there are even more of them today all over the world.

Simply put, they are unable to live. Around 100,000 people have forced out of their jobs. Simply because they are Albanians. And even before that, the social situation

here was catastrophic, because there were already 60,000 families without a regular income. If you consider that our average family has five to seven members, then you will see that around one-half of the population of Kosovo does not have even the most minimal conditions for existence right now. In addition, our right to education has been suspended. Our schools are not in operation. And the only thing that we demand is that we enjoy equal rights.

We Demand Equality

[Celjaj] We do not want the Serbian state to finance us, as some people charge. If there are some 50,000 to 60,000 Albanian private citizens left to work in Kosovo, from craftsmen to others, and if they pay fees and taxes to that state and in this way finance education, health care, and information services, then we simply demand that that money be given to us so that we can organize all of that. In this way, the state is simply exploiting us, and not giving us anything. Everything has been taken away from us.

[Radovanovic] Although I acknowledge that Pristina is somber, life is still going on relatively normally....

[Celjaj] Yes, but at what price? You know, there is a very strong sense of solidarity among us Albanians. So much so that it has surprised even me. Everything is shared. However, people are spending their last reserves. There is already very serious criticism of political parties to the effect that they are pursuing the wrong policy through their continuous pacification. And if radical factions prevail here, as in certain other regions of Yugoslavia, then this will be catastrophic. For everyone.

[Box, p 9]

We Are Not a Minority

[Celjaj] I think that the basis for our disagreement with the Serbian authorities is that they treat Albanians like a national minority. There are around three million of us in Yugoslavia. That could make us a minority in China, or Russia, but I definitely cannot see how we can be a minority in Yugoslavia, or even less in Serbia.

Demand Exceeds Supply at Commodity Exchange

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3 Feb 92 pp 6-7

[Article by Dimitrije Boarov: "Trade Wars: Compulsory Purchasing"]

[Text] At the moment when the Bozovic government is initiating Serbian agricultural policy with a blockade of prices of the principal foodstuffs and an absolute control of trade with Bosnia, Macedonia, and the others, a flight of food from the space where public contracts are concluded is noted on all the domestic wholesale markets. In the hands of the republic prime minister, who for years accused Ante Markovic of conducting an "antifarm

policy" detrimental to Serbia, an agricultural policy once announced as being "rich in concessions, rebates, and incentives" (Stanko Radmilovic) now turns out to be the only weapon Bozovic has against inflation, hunger, the energy blockade, and insubordinate members of any remaining Yugoslavia.

Although the peasants are forbidden from "making up the losses" which they suffered from Markovic's policy of "import competition," Bozovic cynically says that he must treat the consequences of federal policy and that these measures "are not detrimental to primary production, above all the peasant sector, but these are only prices which compel internal economy within the processing sector." Because the Serbian government has decided that "the Republic Directorate for Commodity Reserves is to purchase the totality of market surpluses of farm products at the prices contained in the decree or at market prices"—it has dawned on peasants and consumers alike that it is time to say "Good morning, hunger."

Scissors

On the commodity exchange in Novi Sad between 23 and 29 January it was already noted that the scissors between supply and demand for wheat, corn, wheat flour, potatoes, hogs, baby beef, sugar, and oil had opened very wide, so that purchasers were left empty-handed, and prices were shooting up day after day. Last week, then, on what is practically our only commodity exchange 4,500 tons of wheat were offered for sale, but 35,100 tons were requested. Contracts were concluded for only 1,000 tons at a price of 10.5 dinars per kilogram. This is practically the first 1,000 tons of wheat which this year have "passed" through the Novi Sad exchange, and it is impossible to say anything about the short-term price trend—except that the government's "price reduction" of flour is flying in the face of reality. Last week, there was no trade in flour on that exchange, because those offering 2,200 tons were unable to agree with those seeking 13,500 tons (Type 500), and we can give some idea by quoting the price in mid-January, when between 15 and 16.5 dinars were being asked per kilogram. It remains to be seen at what price Bozovic will conduct the "compulsory purchasing" for republic reserves. Everything is already clear to bakers, because Serbia has decided that they can sell bread at prices between 31.6 dinars (flour Type 850) and 35.5 dinars (Type 500), which ought to be good news to the poor, because prices are dropping 15 and 21 percent, respectively.

Expensive Corn

Zoran Kozarevic, director of the commodity exchange in Novi Sad, says that the small offering of food as compared to demand can be explained by the fact that stocks of basic foodstuffs have now become "ready money," because trade as a rule is conducted on the basis of "advance payment." Because inflation is obviously on the rise, producers sell only enough goods to meet their needs for cash. Can the Serbian Commodity Directorate

get the better of them now? That question can probably not be answered even by Dusan Mitevic, who it seems has been removed from the position of chief of Serbia's "strategic reserves."

Corn, which is the peasant's traditional protection against inflation (because it can wait for a long time), is today the chief protagonist of an unusual tale. First, a record harvest was forecast, and the peasants began to burn it "grain and all" instead of expensive coal. But now it is becoming "yellow gold." Last week, in Novi Sad it was selling at a price 50 percent higher than wheat. The offering for sale was 9,300 tons, 42,000 tons were requested, and sales were 5,850 tons of artificially dried corn (14 percent moisture, 8 percent trash, 2 percent defective, and 2 percent burned kernels, 91 harvest) at prices between 14 and 15.5 dinars per kilogram.

The high price of corn is directly related to the shortage of livestock—pigs and calves for fattening, meat-type hogs, and fattened baby beef. Last week, only 400 fattened animals were offered for sale on the market, 12,500 were requested, but not a single one was sold. They say that the sellers are asking 160 dinars per kilogram live weight, and the purchasers are ready to pay 150. But only a week earlier there was some trade at a price of about 130 dinars per kilogram (hogs between 80 and 110 kilograms—without shrinkage). Livestock for fattening have not been offered at all, nor is there any offering of heifers, although 800 were requested. Only the "janissaries" need not worry, 3,000 lambs were offered for slaughter—but not a single one was requested. If Bozovic continues his "hill and mountain policy," mutton is all we will be eating.

On the commodity exchange in Novi Sad, incomparably less sugar and oil was being offered than was being

requested. Last week, 10,300 tons were requested for domestic consumption and compensation arrangements, but only 1,110 tons of granulated sugar were offered. The situation with sunflower oil is similar—the total offering was 165 tons, but requests were 810 tons, but not a single transaction was concluded.

Trade

It is interesting to note that compensation deals, and these are practically the only ones concluded between the Yugoslav republics, have for all practical purposes not been concluded at all in recent days.

On the Novi Sad exchange, 5,000 tons of coal, 1,000 tons of salt, 500 tons of soda, 3,000 tons of cement, 100 tons of plums, and 2,500 tons of chemicals were offered in trade for basic foodstuffs. Not a single transaction was concluded.

It is difficult to say why no one is accepting these goods, but probably it is a case of few being able to obtain permits to export food to Bosnia (although VREME has information to the contrary from one large supplier). Immense shortages are being reported from there. It is estimated that that republic is short more than 260,000 tons of wheat and the same amount of corn. The situation is similar with oil and sugar.

They are also having troubles in Macedonia. There, oil at the retail level has reached a price of 187 dinars per liter, and sugar 120 dinars per kilogram. If Bozovic really manages to hold the price of oil in Serbia at about 100 dinars, and sugar at about 60 dinars, we can expect very soon that Macedonia will be better supplied than Serbia. After all, as they say in Novi Sad, no one can put a cork in trade, any more than in the river.

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